



PSC MISSION STATEMENT

We will:

- > ensure that Missourians receive safe and reliable utility services at just, reasonable and affordable rates;**
- > support economic development through either traditional rate of return regulation or competition, as required by law;**
- > establish standards so that competition will maintain or improve the quality of services provided to Missourians;**
- > provide the public the information they need to make educated utility choices;**
- > provide an efficient regulatory process that is responsive to all parties, and**
- > perform our duties ethically and professionally.**



Commissioners

SHEILA LUMPE
Chair

M. DIANNE DRAINER
Vice Chair

CONNIE MURRAY

ROBERT G. SCHEMENAUER

KELVIN L. SIMMONS

Missouri Public Service Commission

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November 28, 2000

BRIAN D. KINKADE
Executive Director

GORDON L. PERSINGER
Director, Research and Public Affairs

WESS A. HENDERSON
Director, Utility Operations

ROBERT SCHALLENBERG
Director, Utility Services

DONNA M. KOLILIS
Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

The Honorable Governor of the State of Missouri
State Capitol Building
Jefferson City, MO 65101

Dear Governor:

The Public Service Commission continues to face challenges in a changing regulatory environment. Our mission, however, remains one of assuring that Missouri's utility customers have adequate, safe, efficient and affordable services while allowing utility companies a reasonable return on their investment. The Commission and staff are dedicated to fulfilling these public interest goals.

We look forward to continued progress in opening the local telecommunications market to competition as we implement both the state and federal laws. We continue to thoroughly study the possible impacts of opening the gas and electric industries to competition. Our guiding principle is that no one should be worse off under competition than under the traditional regulatory environment. We will continue to work with the Department of Natural Resources in originating efforts to eliminate duplication in the regulation of water and sewer companies.

Our very professional staff have created efficiencies and used technology to keep up with our rapidly increasing caseload. Their loyalty and hard work deserve recognition.

I hope that you will find our report informative. I am pleased to submit it to you in order that you can see, in more detail, the Commission's work for the 2000 fiscal year.

Sincerely,

Sheila Lumpe



From left to right, Commissioner Kelvin Simmons, Commissioner Connie Murray, Chair Sheila Lumpe, Vice Chair M. Dianne Drainer and Commissioner Robert Schemenauer.

MISSOURI PUBLIC SERVICE COMMISSION

SHEILA LUMPE, CHAIR

M. DIANNE DRAINER, VICE CHAIR

CONNIE MURRAY, COMMISSIONER

ROBERT SCHEMENAUER, COMMISSIONER

KELVIN SIMMONS, COMMISSIONER

HAROLD CRUMPTON, COMMISSIONER



Commission offices are located in the newly-renovated Governor Office Building located at 200 Madison Street in Jefferson City.

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Mission

The Missouri Public Service Commission (PSC) regulates investor-owned public utilities operating in Missouri. The PSC has the statutory responsibility for ensuring that customers receive adequate amounts of safely delivered and reasonably priced utility services at rates that will provide the companies' shareholders with the opportunity to earn a reasonable return on their investment. The PSC must balance a variety of often competing private interests to ensure the overall public interest.

Jurisdiction and Goals

The Missouri Public Service Commission was created in 1913 by the Public Service Commission Law, now Chapter 386 of the Missouri Revised Statutes. Today, the PSC regulates over 1,000 investor-owned electric, natural gas, telephone, water and sewer utilities. In addition, the PSC regulates the state's 48 rural electric cooperatives and 42 municipally-owned natural gas utilities for operational safety. The PSC also regulates the manufacturers and dealers of modular homes. The Missouri PSC is the only public utility commission in the United States that regulates manufactured housing.

The PSC also oversees service territory issues involving investor-owned electric utilities, rural electric cooperatives and municipally-owned electric utilities as well as investor-owned water and sewer utilities and public water supply districts. Under federal law, the PSC also acts as a mediator and arbitrator of local telephone service disputes regarding interconnection agreements.

Virtually every Missouri citizen receives some form of utility service from an investor-owned public utility company. Utility services and infrastructure are essential to the economy of Missouri. They provide heating and cooling during extreme temperatures. They offer access to emergency services and vital information systems. They provide safe drinking water and assure the environmentally sound disposal of wastewater. Because utilities fulfill these essential needs, the PSC must assure the ratepaying public that quality services will be available on a nondiscriminatory basis at just and reasonable rates.



PSC Commissioners consider the evidence of a pending case during a weekly agenda meeting.

Commissioners

The PSC consists of five commissioners who are appointed by the Governor with the advice and consent of the Missouri Senate. The Governor designates one member as the Chair who serves in that capacity at the pleasure of the Governor.

Commissioners are appointed to six-year terms. These terms are staggered so that no more than two terms expire in any given year.

The PSC is both quasi-judicial and quasi-legislative. The PSC is responsible for deciding cases brought before it and for the promulgation of administrative rules and their enforcement. Many of the PSC's duties are performed by conducting hearings in contested cases, which by statute must be transcribed by a court reporter. Hearings are conducted in a trial-like setting using evidentiary standards under the Missouri Administrative Procedures Act. The PSC must render decisions in a timely manner to afford all parties procedural and substantive due process, and to comply with statutory time limits.

The PSC Staff

Commissioners are assisted by a staff of professionals in the fields of accounting, consumer affairs, economics, engineering, finance, law and management. Duties range from helping individual consumers with complaints to investigating multi-million dollar utility rate requests.

The Staff participates as a party in all cases before the PSC. It conducts audits of the books and records of utilities and makes recommendations to the PSC as to what type of increase, if any, should be granted. PSC Staff recommendations, like those filed by other parties to a proceeding, are evaluated by the PSC in reaching a decision in a complaint case or rate case. The PSC has established standards for safety and quality of service to which companies must adhere. Routine and special investigations of utilities are conducted by the PSC Staff to ensure compliance.

PSC Information Technology Automated Solution Project

The PSC is in the process of developing a state-of-the-art information technology system that will incorporate technologies such as document management, electronic workflow, collaboration tools and imaging.

Several meetings have been held with internal and external representatives from the various potential system user groups to receive input on design and functionality. With proper security levels, documents filed with the PSC will be electronically accessible by Commissioners, the PSC Staff, intervenors, utilities and ratepayers providing the opportunity for educated and informed decisions on timely issues.

The PSC continues to work on the final design and development of the information technology system. The expected completion date of this project is late Fourth Quarter 2001.

Y2K

The PSC responded to the Y2K challenge with the creation of Case OO-99-43. The purpose of the case was to determine the state of preparedness of all regulated utilities within the State of Missouri as well as municipalities and cooperatives.

In addition to reviewing, summarizing and compiling the data received by the utilities and filing reports with the PSC that detailed the preparedness of utilities, the PSC Staff organized three Y2K forums that presented opportunities for utilities to discuss Year 2000 issues. Staff also went on-site to the regulated electric companies in the state including a cooperative and a municipal company, for the North American Electric Reliability Council (NERC) tests held in April and September of 1999. PSC staff participated throughout the year in the Governor's Y2K Advisory Council headed by Mike Benzen of the Office of Information Technology. This council provided the opportunity for state agencies to meet and coordinate their Y2K planning efforts.

Staff was present at the State Emergency Management Agency during the evening hours of December 31, 1999, and the morning of January 1, 2000. No Y2K related service disruptions occurred as utilities transitioned into the next millennium.



IT Project Manager, Gay Smith, discusses implementation and design plans for the new PSC computer system with representatives from Gulf Computers, Inc.

Local Public Hearings

During fiscal year 2000, the PSC held 24 local public hearings throughout the State to receive customer comment on a number of key issues. Local public hearings were held in places such as Kansas City, St. Louis, Dexter, Fulton, Bonne Terre, St. Joseph and Joplin on issues ranging from rate cases to territorial agreement issues. Public hearings are designed to give affected customers an opportunity to express their views on the case before the PSC. These hearings also give customers an opportunity to bring any service related problems to the PSC's attention. In several PSC orders during the past year, Commissioners noted the input received at local public hearings and how that information affected the final decision.

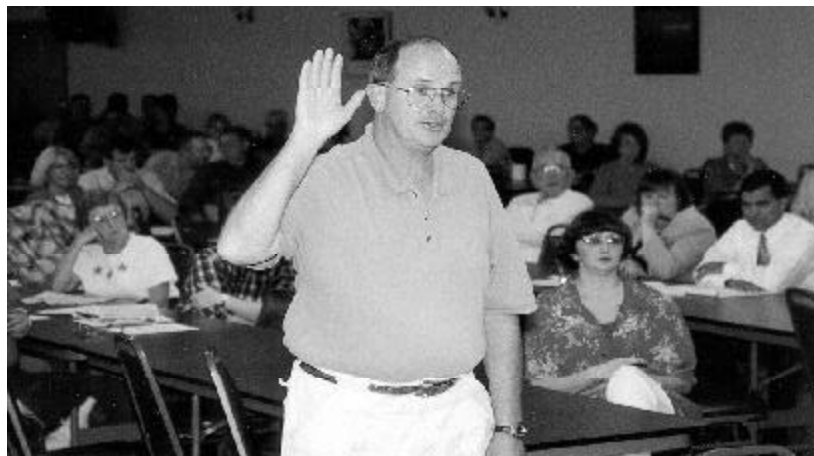
Mid-America Regulatory Conference

The PSC, under the direction of Vice Chair and Mid-America Regulatory Commissioners (MARC) President M. Dianne Drainer, hosted over 400 regulatory commissioners, staff and industry representatives in St. Louis in June. Panel discussions on key issues in telecommunications, natural gas, electricity and water were



conducted over the two day conference. Conference speakers included Missouri Lt.

Governor Roger Wilson, Federal Communications Commission (FERC) Chairman James Hoecker, FERC Commissioner Curt Hebert, Jr. and Federal Communications Commission (FCC), Chief of Common Carrier Bureau, Larry Strickling. Tuesday afternoon sessions centered on technology demonstrations in the areas of natural gas, electricity and telecommunications. MARC represents state regulatory commissions from 15 Mid-western states.



A Missouri consumer prepares to testify at a PSC local public hearing.

PSC Moves to New Building

Following the end of the 2000 fiscal year, the PSC moved its offices in Jefferson City from the Harry S Truman Office Building to the newly-renovated Governor Office Building. The Governor Office Building is located at 200 Madison Street, at the corner of Capital and Madison. In addition to PSC offices, the historic Governor Office Building also houses the Office of Public Counsel, Office of Administration meeting rooms and some private sector offices. The PSC will continue to have offices in St. Louis and Kansas City.



For the MARC Presidential banquet, attendees dined at the Missouri Botanical Gardens

COMMISSIONERS

SHEILA LUMPE

Chair

Sheila Lumpe is Chair of the Missouri Public Service Commission. She was appointed to the PSC on June 5, 1997, by Governor Mel Carnahan.

Prior to her appointment, Chair Lumpe was chair of the House Budget Committee of the Missouri House of Representatives. A nine term state representative, Ms. Lumpe represented St. Louis County in the Missouri House since first elected in 1980. In addition to chair of the House Budget Committee, Ms. Lumpe also served on a number of Legislative committees including the Utilities Regulation Committee. Prior to the Legislature, Chair Lumpe served eight years on the University City School Board.

Chair Lumpe is Vice Chair of the Water Policy Roundtable of the PSC. She also serves on the Board of the Missouri Humanities Council, the Board of Partnership for Outstanding Schools and the Energy Resources and Environment Committee of National Association of Regulatory Utility Commissioners (NARUC).

Chair Lumpe received a baccalaureate degree in government from Indiana University in 1957 and a masters degree in political science from the University of Missouri-St. Louis in 1989.

Chair Lumpe's term expires on April 15, 2003.



M. DIANNE DRAINER

Vice Chair

M. Dianne Drainer is the Vice Chair of the PSC. She was appointed on July 3, 1995, by Governor Mel Carnahan. She was named Vice Chair of the PSC in February 1996.

Prior to her appointment, Vice Chair Drainer was Manager of Research and Evaluation for the Missouri Department of Social Services. She previously served as Chief Telecommunications Economist and Public Utility Economist for the Office of the Public Counsel from 1986 to 1991.

Vice Chair Drainer was recently named to the Board of Directors of the NARUC and also serves as a member of the NARUC Committee on Electricity and on the Subcommittees on Nuclear Issues - Waste Disposal and Strategic Issues. Commissioner Drainer serves as a member and President of the Mid-America Regulatory Commissioners (MARC). Commissioner Drainer is the Chair of the Electricity Roundtable, Vice Chair of the Natural Gas Roundtable and Co-Chair of the Telecommunications Roundtable at the PSC. Previously, she served on the NARUC Committee on Finance and Technology from 1995 to 1999. Additionally, she served as an observer to the NARUC Staff Subcommittee on Communications from 1984 to 1991 and was a member of the National Association of State Utility Consumer Advocates (NASUCA) from 1986 to 1991.

Vice Chair Drainer graduated from the University of Missouri-Columbia with a Master's of Science Degree in Agricultural Economics in 1979 and a Bachelor of Arts Degree in Economics in 1977.

Vice Chair Drainer's term expires on April 15, 2001.



CONNIE MURRAY

Commissioner

Commissioner Connie Murray was appointed to a six-year term to the PSC by Governor Mel Carnahan on May 2, 1997.

Commissioner Murray served as Representative of the 135th legislative district in the Missouri House of Representatives from 1991 through 1996. She was appointed House Manager of Articles of Impeachment of Missouri Secretary of State before the Missouri Supreme Court in 1994. She served on several committees, including Budget and Judiciary & Ethics. She was treasurer of Women Legislators of Missouri and a member of various national legislative organizations.

Early in 2000, Commissioner Murray was appointed to the Committee on Telecommunications of NARUC. Prior to that, she served on the NARUC Committee on Water and on a working group of the National Drinking Water Advisory Council. She serves on the PSC Roundtables for both Telecommunications and Water.

Commissioner Murray is Secretary of the Missouri Universal Service Fund Board, a member of the Advisory Board of the Public Utility Division/Financial Research Institute, University of Missouri, and the Advisory Council for the Center for Public Utilities, New Mexico State University.

Commissioner Murray earned her bachelor of arts degree in English literature from Loyola College in Baltimore, Maryland in 1975 and a juris doctorate in 1980 from the University of Maryland School of Law where she was Notes and Comments Editor of the Law Review.

Commissioner Murray's term expires in 2003.



ROBERT SCHEMENAUER

Commissioner

Commissioner Robert Schemenauer was appointed to the PSC on March 6, 1998, by Governor Mel Carnahan. Commissioner Schemenauer was appointed to replace Karl Zobrist who resigned on August 15, 1997.

Prior to his appointment, Mr. Schemenauer was Director of the Division of Taxation and Collection for the Missouri Department of Revenue. He is a former member of the Missouri House of Representatives (1990-1993). While in the legislature, Mr. Schemenauer served as Vice Chair of the Ways and Means Committee and the Federal-State Relations Committee, and as a member of the Appropriations Committee and the Critical Issues Committee. He also Chaired the Interim Committee investigating the plight of Homeless Veterans in Missouri. Commissioner Schemenauer served in the United States Air Force from 1953 until 1973.

Commissioner Schemenauer Chairs the Natural Gas Roundtable of the PSC, is a member of the NARUC Committee on Gas, and is Chairman of the Missouri Universal Service Fund Board.

Mr. Schemenauer has a B.S. degree in Administration and Accounting from Central Missouri State University. He is a Certified Public Accountant who was in private practice from 1982 until 1993.

Commissioner Schemenauer's term expires on January 4, 2001.



KELVIN L. SIMMONS

Commissioner

Governor Mel Carnahan appointed Commissioner Kelvin L. Simmons to the PSC on May 5, 2000.

Prior to his appointment, Mr. Simmons was a member of the Kansas City Council. He represented more than 72,000 constituents in Kansas City's 5th Council District. Commissioner Simmons served on the Council from 1997 until his appointment to the PSC. While on the Council, Commissioner Simmons served as the Vice-Chairman of the Neighborhood Development Committee and was a member of the Finance and Audit Committee. Mr. Simmons also served as Chairman of the Public Safety Radio Oversight Committee and was the only member of the Council on the City's Investment Portfolio Committee. In addition he was a Steering Committee Member for the Community and Economic Development Committee of the National League of Cities.

Commissioner Simmons was a senior staff member to Governor Mel Carnahan, serving as the Director for Constituent Services from 1993 until 1996. Prior to his appointment, Commissioner Simmons was the State Director for Equal Employment Opportunity in the Office of Administration.

Commissioner Simmons is a member of NARUC. He currently serves on the Committee for Finance and Technology and the Committee on International Relations.

Mr. Simmons has two baccalaureate degrees in Communications and Interdisciplinary Studies from University of Missouri-Columbia obtained in 1986 and an Executive Masters in Business Administration from the University of Missouri-Kansas City in 1999. Commissioner Simmons has also studied internationally in Sweden, Finland, South Africa, Hong Kong and Beijing, China.

Mr. Simmons' term expires on April 15, 2005.



HAROLD CRUMPTON

Commissioner

Commissioner Harold Crumpton was appointed to the PSC on May 3, 1993 by Governor Mel Carnahan.

Prior to his appointment, Mr. Crumpton was employed by Southwestern Bell Telephone Company in its Network Operations in St. Louis. Mr. Crumpton worked for the telephone company from 1973 until 1992 when he took early retirement to pursue other career interests.

Commissioner Crumpton served as a member of the NARUC Committee on Telecommunications. He also served on the board of the Financial Research Institute of the University of Missouri-Columbia and Missouri Legislative Black Caucus Foundation.

In 1996, Commissioner Crumpton developed, organized and chaired the Natural Gas Roundtable Discussion Group to foster open discussion of natural gas issues with citizens in all parts of Missouri. In 1998, he formed and co-chaired the Telecommunications Roundtable Discussion Group as a vehicle for including the General Assembly and Missouri citizens in the diverse telecommunications proceedings of the Commission.

Mr. Crumpton earned his bachelor of science in chemistry from Washington University in St. Louis in 1971. In 1973, he received an M.B.A. in finance and production.

Mr. Crumpton resigned from the PSC on May 5, 2000.



Key Personnel



Sheila Lumpe, Chair	751-4221
M. Dianne Drainer, Vice Chair	751-3233
Connie Murray, Commissioner	751-4132
Robert Schemenauer, Commissioner	751-3243
Kelvin Simmons, Commissioner	751-0946
Brian Kinkade, Executive Director	751-2690

Administration Division

Donna M. Kolilis, Director	751-7492
Judy Kempker, Manager - Personnel Department	751-7508
Todd Craig, Manager - Computer Information Services	526-8153
Dan Redel, Manager - Internal Accounting Department	751-2457

Adjudication Division

Dale Hardy Roberts, Secretary/Chief Regulatory Law Judge	751-4256
Nila Hagemeyer, Manager - Records Department	751-7496

Research & Public Affairs Division

Kevin Kelly, Public Information Administrator	751-9300
Tom Green, Public Information Coordinator	522-2760
Toni Messina, Legislative Coordinator	751-5472
Janet Hoerschgen, Manager - Consumer Services Department	751-3160

General Counsel

Dana K. Joyce, General Counsel	751-8705
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Utility Operations Division

Wess Henderson, Director	751-7435
Dale Johansen, Manager - Water and Sewer Department	751-7074
John Van Eschen, Manager - Telecommunications Department	751-5525
Bill Washburn, Manager - Electric Department	751-7505
Steve Jungmeyer, Manager-Manufactured Housing Department	751-7119
Bob Leonberger, Acting Manager-Gas Department	751-3456

Utility Services Division

Robert Schallenberg, Director	751-7162
Ron Bible, Manager - Financial Analysis Department	751-8517
Joan Wandel, Manager - Accounting Department	751-4785
David Sommerer, Manager - Procurement Analysis Department	751-4356
Lisa Kremer, Manager - Management Services Department	751-7441

BUDGET

Fiscal Year 2001

Public Service Commission

Personal Service	\$ 9,374,425
Expense and Equipment	6,066,917
Program Specific Distribution (PSD)	10,000*
Total	<u>\$ 15,431,342</u>

Full-Time Employees (F.T.E.)	207
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Deaf Relay Service and Equipment Distribution Program

\$ 5,000,000

F.T.E.	0
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Manufactured Housing Dept.

Personal Service	\$ 334,238
Expense and Equipment	173,558
PSD	17,935*
Total	<u>\$ 525,731</u>

F.T.E.	11
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TOTAL BUDGET

\$ 20,977,073

F.T.E.	218
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Budget includes reappropriations and program specific distributions.

* estimated appropriation

Practice Before the Commission

The Adjudication Division is comprised of the Records Department and the Regulatory Law Judges. The Division Director is both the Secretary of the PSC and the Chief Regulatory Law Judge. The Secretary is statutorily responsible for the records of the PSC and is specifically called upon to superintend the issuance of all PSC orders.



Records Department employees, Melissa Jones (left) and Pearl Braboy, record a recent filing with the PSC.

The Records Department is within the Adjudication Division and is responsible for maintaining a complete and accurate record of every case which comes before the PSC. This department receives thousands of documents per month, each one of which must be reviewed, distributed and maintained in the permanent case file. The Records Department also issues hundreds of formal orders each month.

The Chief Law Judge is the Division Director of the Adjudication Division and acts as the Chief Judge of the nine judge panel of Regulatory Law Judges. The Law Judges receive training at the National Judicial College for procedural skills specific to the PSC and also at various utility seminars and conferences for substantive training in the disciplines of economics, accounting and engineer-

ing as they relate to the regulated utilities. The Chief Judge assigns newly filed cases to the other Judges on a rotational basis and, thereafter, the individual judge is responsible for supervising that particular case and coordinating the procedures with the Commissioners.

The Law Judge prepares and issues preliminary orders to provide notice and procedural due process so that all parties have the opportunity for a full, fair and informative hearing. The primary concern for the Law Judge is to ensure a complete and competent record is compiled upon which the PSC may base its decision. It is the duty of the Law Judge to take the case from initial assignment all the way through to the post hearing briefs and preparation of a final order based upon the record which resolves the issue.

Mediation Process

The Adjudication Division has developed a mediation process whereby parties may refer complaint cases to a third-party neutral mediator. This service is offered, at no cost, by the Mediation Center at the University of Missouri-Columbia School of Law, which was recently ranked the number one mediation center in the United States.

The mediation process is voluntary, and cases are resolved when both parties come to a mutual agreement. This process does not require legal counsel and should be less expensive, less adversarial, less formal, less time-consuming and more personal than a formal evidentiary hearing before the full PSC.

Mediations are confidential and settlement offers as well as other disclosures made during a mediation session are generally not admissible at a later hearing or trial.

Chapter 2

This portion of the PSC's rules contains the procedural requirements for pleading and practice before the PSC. These are the "rules of court", for practice before the PSC and contain filing requirements, evidentiary rules, as well as many other procedural rules and requirements for contested cases and for rulemaking procedures. The PSC has worked to reduce the filing burden on all parties who appear before the PSC. In several places the filing requirements have been reduced so that the amount of paper filed with the PSC has been significantly reduced. This chapter is filed and has been published by the Missouri Secretary of State.

List Serve

On May 1, 1999, the Adjudication Division initiated an interactive mail delivery service (generally referred to in computer circles as a "list-serv") for the purpose of delivering the PSC Agenda, hearing schedule(s), orders and other documents to various interested parties. On December 1, 1999, this service was moved to ListBot®, in order to improve the service available to the utility community. ListBot provides free access to visitors by providing a Web-based email list management system. This software collects visitor email addresses automatically, sends email to all pre-subscribed parties on the mailing list with just one click, manages the mailing list and conveniently stores



Regulatory Law Judge Vicky Ruth consults Missouri Statutes in preparation for an upcoming order.

all issued messages for reference or re-use. This allows the Adjudication Division to ensure mass, and immediate, electronic distribution of any order, notice or other document to all ListBot recipients and eliminates the delay and cost which is inherent in regular delivery of the paper copy. Any interested person may subscribe to this service, at no cost, by visiting the PSC's web page at: [http://](http://www.psc.state.mo.us/)



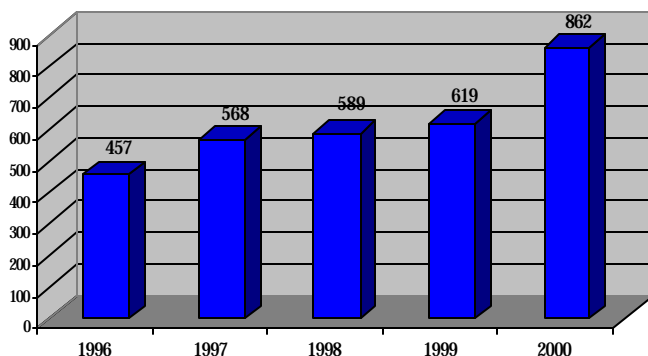
Regulatory Law Judges, such as Morris Woodruff (second from right), preside over contested PSC hearings.

Utility Issues

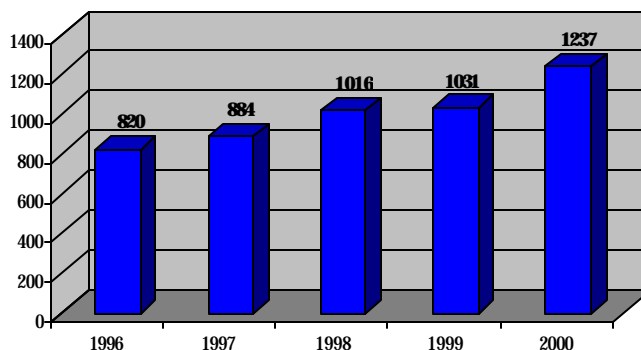
Change continues to occur in utility industries, and with that change, the workload of the Missouri Public Service Commission continues to grow as the PSC evaluates and implements competition. It was a record setting year for case and filing statistics during the 2000 fiscal year (see charts).

New state and federal legislation as well as federal agency activity and the changing regulatory environment have required, and will continue to require, a large commitment of resources in order for the PSC to stay current on developments and to influence state and national policy to the benefit of Missouri ratepayers.

PSC Cases Per Year



Tariff Filings Per Year



Telecommunications Metropolitan Calling Area (MCA) Plan

In order to further develop telecommunications competition and give Missouri consumers more options and choices for service, the PSC issued a decision which allows competitive local telephone company providers to offer their customers Metropolitan Calling Area (MCA) service in the metropolitan areas of Kansas City, St. Louis and Springfield.

Ordered by the PSC in 1992, MCA is still in the public interest. Evidence in this case indicated that Missouri telephone customers in the three major metropolitan areas of Missouri want MCA service and find it a valuable feature.

The MCA plan divides a metropolitan area into several tiers of exchanges. Customers located within the central zone and initial tier(s) are automatically provided the MCA service as it is part of their basic local telephone service. In the outer tiers, MCA is an optional service. In the outer tiers, customers have the option of subscribing to

MCA service for an additional flat monthly charge. That flat monthly charge is in lieu of toll charges for that call.

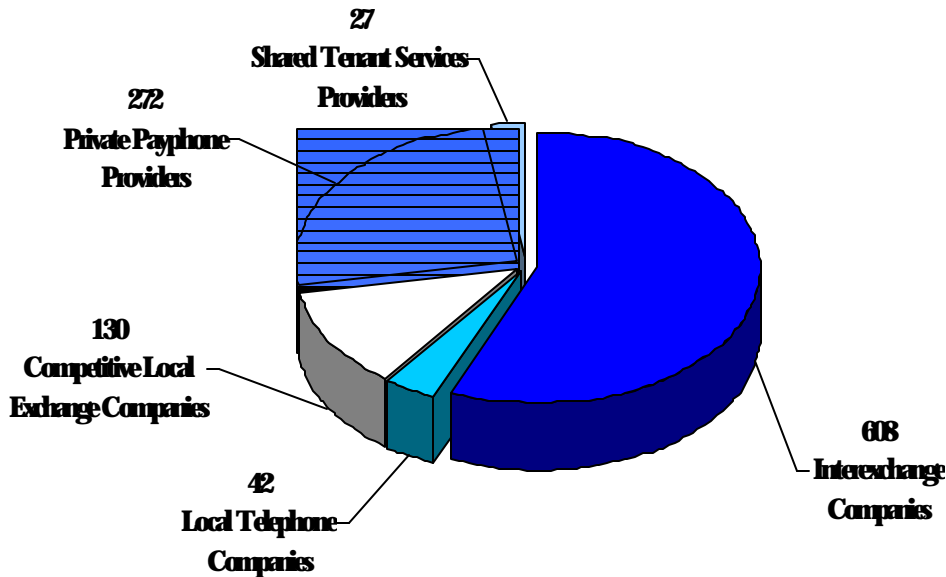
As part of its decision, the PSC gave providers of MCA pricing flexibility. Current MCA rates are the maximum carriers may charge for the service, but carriers may also price the service below the current maximum.

In addition, the PSC has authorized competitive local telephone companies to offer expanded calling plans beyond the MCA footprint. However, those plans must be called something other than MCA.

Basic Local Competition

Currently, 64 companies are authorized to provide basic local telephone service in competition with incumbent local exchange telecommunications companies in Missouri. Each competing local exchange telecommunications company (CLEC) has been granted a certificate of service authority to provide basic local exchange service, has an approved interconnection agreement, and has filed tariffs approved by the PSC which describe the services

Certified Telecommunications Providers



and rates that they are providing to customers.

These CLECs serve approximately 154,231 access lines in Missouri, representing 4% of the total number of access lines in the state. They primarily provide service in the local exchange territories of Southwestern Bell Telephone Company, GTE Midwest, Inc. (d/b/a Verizon) and Sprint.

Southwestern Bell's Application to Provide InterLATA Toll Service

The PSC is currently evaluating Southwestern Bell Telephone Company's application for authority to provide nationwide long distance service.

Pursuant to the Telecommunications Act of 1996, prior to being granted authority to provide long distance service, Southwestern Bell Telephone Company must first demonstrate that its local telephone markets are fully and irreversibly open to competition. As part of the approval process, Southwestern Bell is required to adhere to a congressionally mandated 14-point checklist designed to open local telephone markets to competition. On-the-record hearing presentations will be conducted this fall. During these sessions, the PSC will evalu-

ate Southwestern Bell's compliance with the checklist. Based on these proceedings, the PSC will make a recommendation to the Federal Communications Commission (FCC) on whether to deny or approve Southwestern Bell's application.

Pursuant to federal requirements, the FCC will consider evaluations by the Missouri PSC and the Department of Justice in making a final determination to grant or deny Southwestern Bell's application. If granted, Missouri will join New York and Texas as states in which a Bell Telephone Company is authorized to provide nationwide long distance service.

IntraLATA Dialing Parity

IntraLATA Toll Dialing Parity (ILDLP) allows a Local Exchange Carrier (LEC) customer to direct-dial a long distance number (1+ or 0+) by using a preferred toll provider without first dialing a carrier access code. ILDP had already been implemented in most local Missouri exchanges operated by Verizon, and Sprint Missouri (Sprint). Almost all remaining Missouri telephone exchanges received IntraLATA equal access on July 22, 1999. A few exchanges were delayed in receiving ILDP for various reasons. By November 30, 2000, all of Missouri should have ILDP.

All LECs followed IntraLATA Toll Dialing Parity (ILDLP) Implementation Plans approved by the PSC, in response to a Federal Communications Commission (FCC) Order (CC Docket No. 96-98 and NSD File No. 98-121). Missouri's earlier Primary Toll Carrier (PTC) Plan had required the routing of all Secondary Carrier (SC) IntraLATA traffic to one of four PTCs: Southwestern Bell Telephone Company (SWBT), Verizon, Sprint, and Fidelity Telephone Company (Fidelity). The old PTC Plan was discontinued to allow ILDP.

By the end of 2000, all ILECs in Missouri will be offering digital switching and one party service. Many telecommunications companies the PSC regulates, are presently offering various forms of advanced technologies, such as Advanced Intelligent Network (AIN) and Asymmetric Digital Subscriber Line (ADSL). A large percentage of Missouri's

may have previously received from the PTCs, including such services as:

- Message Telecommunications Services (MTS).
- Wide Area Telecommunications Services (WATS).
- Toll-free number (800/888) services.
- Extended-calling plans such as Extended Calling Area (ECA).



PSC Vice Chair M. Dianne Drainer reviews evidence filed in the area code case.

Area Code Issues in Eastern and Western Missouri

NeuStar, Inc., the North American Numbering Plan Administrator responsible for the day-to-day administration and management of area codes in the United States, petitioned the Missouri PSC to approve an overlay proposal to alleviate a projected exhaustion of available telephone prefixes in the 314 (St. Louis and surrounding areas) and 816 (Kansas City and surrounding areas) area codes.

Local public hearings were conducted by the PSC in the affected areas to receive customer comment on the various proposals filed in this case. The PSC also held formal evidentiary hearings in this matter and is expected to rule in this matter before the end of 2000.

There are several factors driving the need for new area codes. Those factors include: the way that numbering resources are currently utilized and managed such as the current industry-wide practice of issuing telephone numbers in blocks of 10,000; the introduction of new technologies such as wireless devices (cell phones and pagers); increasing demand for new services such as internet, data, fax machines and cell phones; and introduction of local telephone competition.

In the past year, the PSC has pursued a number of avenues with regards to telephone number conservation in hopes of extending the lifetime of area codes in Missouri. Rate center consolidation has been ordered in the St. Louis area. Under the plan, Southwestern Bell's rate centers were consolidated from 14 to 7. The PSC has petitioned for FCC authority to conduct number pooling trials in the 314 and 816 area codes. In addition, the PSC continues to move forward on reclaiming unused telephone numbers.

telephone customers are now interested in obtaining these technologies. Because of demand and difficulties in providing these technologies, the PSC's Telecommunications Department will increase its efforts in the coming year to assist customers and companies to arrive at goals that are mutually satisfying.

To compensate for abrupt changes in their revenue flows or to reimburse certain costs following the implementation of ILDP, some Missouri LECs have applied a temporary surcharge to their rates for long distance service. Revenues from these surcharges are subject to review and rates may be reduced after analysis by the PSC. Because of the implementation of ILDP, local exchange customers may now:

- Presubscribe to an Interexchange Carrier (IXC) to provide direct-dialed IntraLATA toll services.
- Still use dial-around toll service whenever desired.

Customers may also select from a variety of IXCs to provide new toll services to replace those that they

Number of Telecommunications Certificates Granted

Revision and Update of PSC Telecommunications Rules

The PSC has proposed the following revisions to its rules regarding telecommunications service:

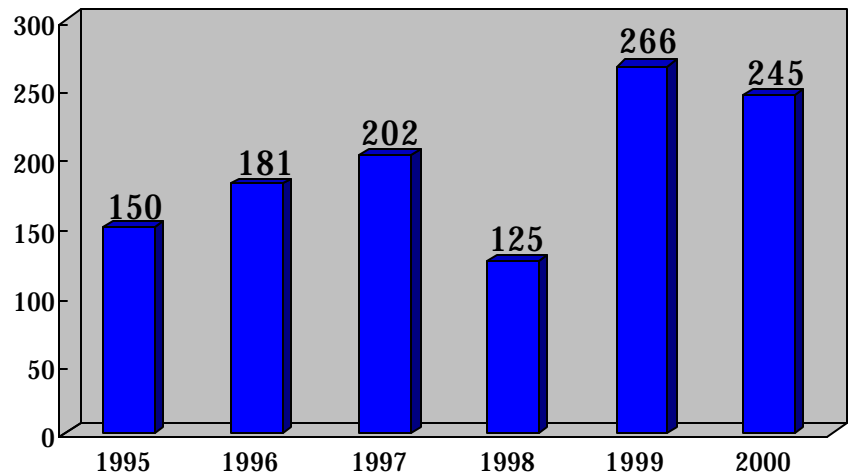
Chapter 33 – **Service and Billing Practices for Telecommunications Companies**

This rule contains revisions, effective April 30, 2000, to service and billing practices for telecommunications companies and includes such things as minimum charges, billing and payment standards for residential customers, deposits and guarantees, residential customer inquiries and disputes, discontinuance of service, payment discounts for schools and libraries, operator service standards, pay telephone standards and verification of orders for changing telecommunications service providers.

In the future, the following topics will be reviewed for new or revised rulemakings: liability requirements for unauthorized changes to a customer's telecommunications service provider (slamming); customer notification requirements for telecommunications service rate changes; and consumer awareness requirements for prepaid calling card services.

Consumer Outreach Programs

In May 2000, the PSC released the "Show-Me Rates" price comparison center web site <http://www.psc.state.mo.us/teleco/default.html>. Show-Me Rates is a work in progress that includes rates for local toll and in-state long distance calls and provides contact information for various competitive local telecommunications companies throughout the state. This free service was designed to provide residential and small business consumers with the information needed to make educated telecommunications choices.



Federal Telecommunications Activity

The Missouri PSC actively monitors telecommunications activity at the FCC. During the past year, the FCC has reviewed and/or acted upon major issues such as Federal Universal Service Support for non-rural telecommunications carriers, slamming, the Coalition for Affordable Local and Long distance Service (CALLS) access charge reform proposal, broadband deployment, number conservation issues and various topics for proposed legislation.

During the fiscal year, the Missouri PSC filed comments in various proceedings before the FCC. In November 1999, the PSC filed a petition with the FCC requesting additional delegated authority to implement number conservation measures such as thousands-block pooling trials, usage thresholds, reclaiming unused and reserved NXX codes, numbering allocation standards, sequential number assignment and code sharing. The FCC granted this additional authority in July 2000.

Sale of Various Verizon Exchanges

On July 31, 2000 Verizon finalized the sale of 107 telephone exchanges to Spectra Communications Group LLC (Spectra). The PSC approved the sale by an order that was effective on April 14, 2000. The sale affects more than 112,000 access lines in those exchanges.

According to Spectra officials, the company plans to make upgrades to the network. Over a period of time, exchange switches will be programmed to offer Custom Local Area Signaling Service (CLASS) and will have toll free access to the Internet. CLASS is the service that makes possible a number of options like call forwarding and caller identification. In addition to some new technology updates, Spectra intends to reopen some greeter offices in its serving areas. Spectra will retain Verizon's employees in the local areas where they presently work and therefore the customers in those exchanges will be able to continue to receive service from people they know.

Relay Missouri

The PSC, with cooperation from telephone service providers throughout the state, implemented 711 dialing to reach Relay Missouri. By dialing 711, Relay Missouri users will now be connected to a Relay Missouri communications assistant to place a call. The toll-free numbers will continue to work, however, for those who prefer to continue to use them.

Relay Missouri provides hearing and speech impaired citizens access to the telephone network.

The PSC no longer has any responsibility for the Adaptive Telephone Equipment Program (ATEP). Due to legislation in fiscal year 2000, that program has been transferred to the Missouri Assistive Technology Council.

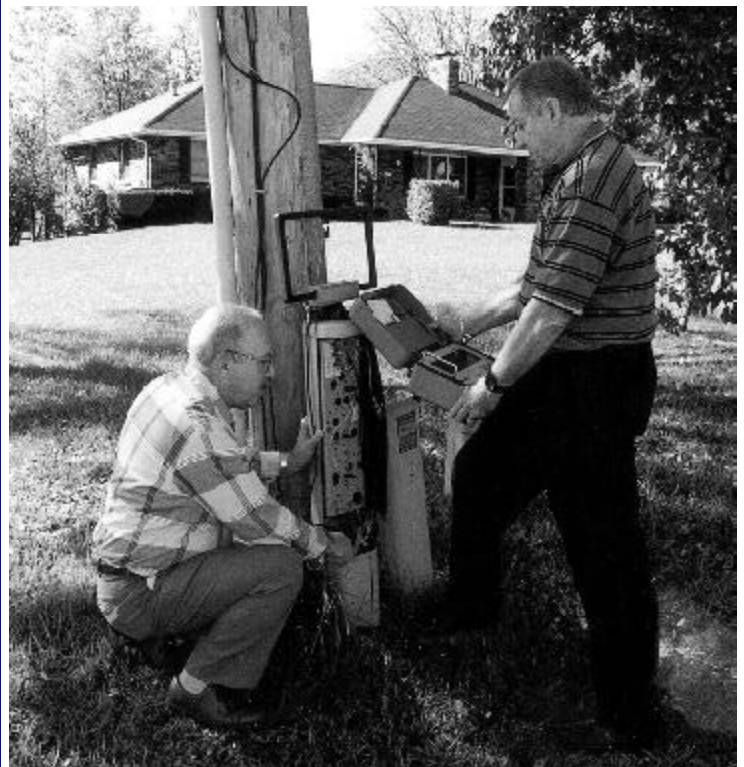
Technical Services

The Technical Services Section has the responsibility of monitoring the quality of telephone service in Missouri. This year, the Engineering and Management Services Department, in cooperation with the Technical Services Section, audited 241 local telephone exchanges for quality of service. Those audits consisted of individual testing of 14,284 customer loops. Of the lines tested, approximately 7.8% needed some level of follow-up or repair.

At the present rate of auditing, Technical Services plans to be able to test nearly every wire center in the state every three years.

These cable pair or loop audits are part of an ongoing effort by this group to ensure Missouri customers receive good telephone service. Each year, Technical Services works on other types of audits. This year, audits included pay telephone audits, grounding/bonding audits and central office switching audits. In addition to audits, Technical Services maintains surveillance of ILECs and CLECs through reports submitted by those companies on a quarterly basis.

In the past year the Technical Services Section participated in a number of cases, providing testimony where PSC Staff's technical expertise was needed to clarify issues before the PSC. Technical Services also provides help in solving telephone customer complaints received by Consumer Services.



PSC employees Myron Couch (left) and Mick Johnson test a telephone line to ensure compliance with PSC service standards.

NATURAL GAS

Impact Of Higher Natural Gas Prices During Spring/Summer of 2000

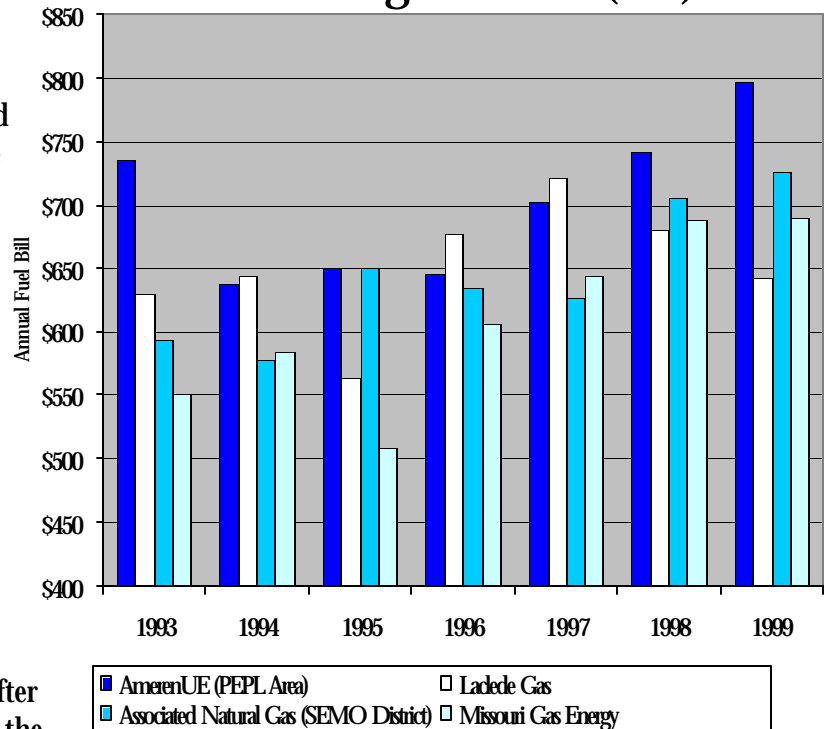
Due to dramatic and unexpected natural gas price increases which began to occur in the early summer period, the PSC Staff held a workshop on June 26, 2000 with all of the state's investor-owned natural gas Local Distribution Companies (LDCs). The workshop examined appropriate actions to address issues associated with the rapidly increasing costs of natural gas.

Under the PSC's new Purchased Gas Adjustment (PGA) procedure, natural gas rates may only be adjusted twice a year on a scheduled basis (summer and winter). An opportunity to adjust rates through an unscheduled filing in the winter period was built into the PGA procedure if specific conditions were met.

Given the unexpected rise in gas prices after the LDCs filed their summer PGA changes, the LDCs and regulators became concerned that significant under-collections would occur if the PGA factors were not allowed to change. At the workshop, parties discussed the problems and developed a mutually acceptable strategy to deal with the rising gas price issue. A plan was developed where:

1. All LDCs could file an unscheduled summer season PGA filing to become effective no later than August 1, 2000 and request a one-time waiver from their established PGA clause. The unscheduled filing was necessary to prevent a significant under-collection from occurring during the summer period. If not handled immediately, this under-collection would have added significant unrecovered gas costs to a winter filing which was estimated to be at record high levels.

Residential Natural Gas Heating Customer Annual Usage at 120Mcf(Dth)



2. The PSC would issue a general press release alerting the public to the rapidly increasing natural gas price situation stating some general reasons for the increases prior to any LDC filing for an adjustment. Public information alerted consumers to pricing problems in advance, preparing them for the possibility of substantial increases in gas costs once usage began to increase.

3. LDCs would make an extra effort to inform their consumers via bill imprints or bill stuffers; meet with the media; meet with consumer groups; or, use any other method they had available to them to inform consumers of the high gas cost situation.

4. The PSC would communicate the recent developments to state and local agencies which could be affected by rising gas rates and also advise elected officials of the situation.

United Cities' Change To Semi-Annual PGA Procedure

United Cities Gas Company became the last LDC to modify its PGA Clause to allow changes in wholesale gas costs only twice during the year, plus an optional unscheduled filing during the winter season. Prior to this change, LDCs adjusted their PGA factor as many as 12 times during the year. The current process of allowing fewer PGA filings began in October 1997. This process minimizes opportunities for billing errors and reduces consumer confusion regarding numerous natural gas price changes.

Atmos Merger/Purchase Of ANG Missouri Property

On April 20, 2000, the PSC approved an agreement which authorized Atmos Energy Corporation to purchase the assets of Arkansas Western Gas Company, d/b/a Associated Natural Gas Company (ANG) located in Missouri. Under the agreement, Atmos was authorized to acquire the Missouri assets and provide gas service in the areas previously served by ANG. The newly acquired service districts of Southeast Missouri, Kirksville and Butler include cities such as Kirksville, Butler, Caruthersville,

Doniphan and Sikeston. Atmos increased their customer base by approximately 48,000. Atmos further agreed to operate these service territories in accordance with the rules, regulations, rates and tariffs of ANG currently on file with and approved by the PSC effective June 1, 2000. As part of the agreement, parties established reasonable and appropriate customer service standards for Atmos customers.

Extension of Natural Gas Service in the Joplin Area

As communities grow and expand, natural gas service needs to be provided in the expanded area. The Industrial Development Authority of the City of Joplin requested Missouri Gas Energy (MGE) provide service to the Crossroads Center Distribution and Business Park (Crossroads). MGE and its predecessors have served Joplin and the surrounding area for many years. Crossroads is designed as a multi-use commercial development in MGE's presently certificated service area in Jasper County east of Joplin.

Because of the large potential demand at Crossroads when it is fully developed, providing natural gas service required construction of a new gas transmission line. This new line would connect

Crossroads to a tap on a Williams Gas Pipelines Central, Inc. (Williams) pipeline, located approximately three and a half miles to the south, in Newton County. MGE plans to serve additional customers in that portion of Newton County off the new gas line subject to MGE's line extension policy in its tariff. Because of the value the Crossroads development has for the area economy, the City of Joplin paid the required customer contribution to MGE for the extension of service.

In order to provide service east of Joplin in its existing certificated area, MGE needed to "reinforce" its existing system in that area. To obtain the necessary gas, MGE decided to tap into the Williams pipeline in Newton County (south of the area). Additional customers will be served off of the 3 ½ mile distribution main.



David Sommerer (left) and Mike Wallis of the PSC Procurement Analysis Department examine natural gas service area maps for a pending case.

Natural Gas Roundtables

The PSC held one natural gas roundtable during the 2000 fiscal year. On September 17, 1999 a roundtable was held in Jefferson City titled ***Natural Gas Aggregation: To Combine Or Not Combine***. This meeting discussed ways in which small volume natural gas consumers could band together to pursue transportation options and reviewed the risks/benefits which these types of groupings pose.

Roundtable meetings are used as opportunities to discuss issues of mutual interest and concern and are used as an educational forum. At the conclusion of each meeting, a bound compendium is prepared for future reference. This summary report is also placed on the PSC website as general information for the public.

HVAC Exemption Filings

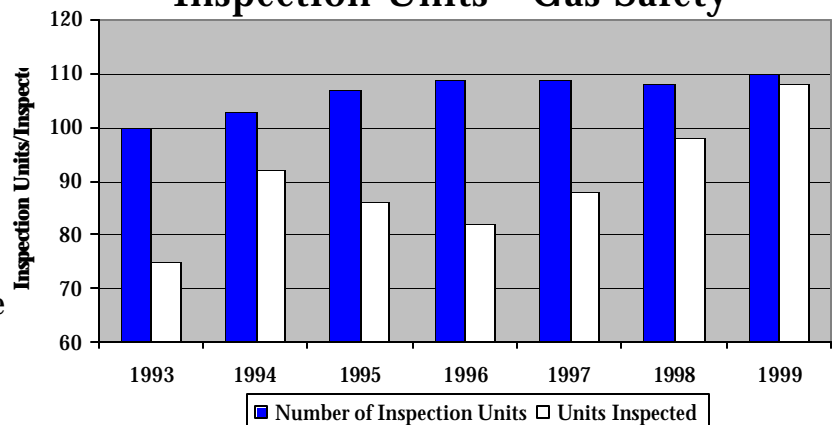
During 1998, the Missouri General Assembly enacted the Heating, Ventilation, and Air Conditioning Services (HVAC) Act. Under this Act, "a gas, electric or steam heating utility may not provide certain services related to heating, ventilating and air conditioning equipment (HVAC Services) unless it provides such services through an affiliate." Under a special subsection of the Act, a utility may continue to provide HVAC services through an exemption so long as the utility provided the same type of HVAC Services five years prior to August 28, 1998.

On March 2, 2000, the PSC Staff sent a letter to all investor-owned gas operators seeking information regarding the utilities' involvement in HVAC activities. All LDCs responded to this request and only three claimed to be exempt from the provisions of the Act. During this fiscal period, Laclede Gas Company filed and was granted an exemption in GE-2000-626. The exemption requests filed by Fidelity Natural Gas, Inc and MGE in Case Nos. GE-2000-826 and GE-2000-808 respectively, were still pending at the end of the fiscal period.

Underground Utility Damage Prevention Legislation

During the past fiscal year, the PSC worked with Missouri One-Call System (MOCS) personnel and others to gain support for improved damage prevention legislation. Legislation is needed which would establish a true one-call system, where with one call, all underground utilities in the area of a proposed excavation are notified. Currently there is not a reliable system available for persons making excavations to identify all underground facility owners in an excavation area. Natural Gas Operators are currently participating in the MOCS, and legislation would bring all other utilities with underground facilities into the same program. Universal participation in the MOCS will increase public safety by better protecting Missouri's underground infrastructure.

Missouri Jurisdictional Gas Utilities Inspection Units - Gas Safety



Source: MoPSC FERC pipeline safety budget material submitted to the U.S. Department of Transportation

Underground Damage Prevention Programs

In 1999, an unprecedented study of Damage Prevention Best Practices was conducted by more than 160 stakeholders representing multiple industries and interest groups across the country. The Federal Office of Pipeline Safety, the US Department of Transportation ("USDOT") sponsored this study. The purpose of the study was to identify and validate existing best practices performed in connec-

tion with underground facilities damage prevention; and to examine and evaluate for possible consideration and incorporation into state and private stakeholder underground facility damage prevention programs. In August 1999, USDOT published a report titled "Common Ground: Damage Prevention Best Practices Report". The report contained the key elements to successful damage prevention programs.

Currently, stakeholders in the state of Missouri are searching for ways to integrate these Best Practices into industry activities at the local level. Re-



Workers for AmerenUE install state-of-the-art plastic natural gas pipeline as part of a on-going replacement program. The new pipe is expected to eliminate corrosion problems underground.

fecting the national Common Ground Study, a group of Missouri stakeholders joined to form 'Missouri Common Ground' with the mission of identifying and promoting Best Practices for underground facility damage prevention for public safety and welfare.

The PSC's Gas Safety Staff facilitated a stake-

holder planning committee meeting to address the topic of underground damage prevention. A Steering Committee was formed and that group plans to hold a series of meetings and roundtables to educate

and alert the public.

The first Missouri Common Ground Roundtable meeting was held in March 2000. This meeting brought together facility designers, facility operators, excavators, regulators, property owners, one-call centers, and locators to explore ways to improve damage prevention in Missouri. These roundtables are designed to provide a forum to promote not only communication and education, but also to improve company policies, form guidelines, as well as to enhance Missouri's damage prevention statute.

Waivers From Certain Gas Safety Rules

On March 7, 2000, various members of the Missouri Association of Natural Gas Operators ("MANGO") filed an application for a permanent waiver from certain PSC gas safety rules. According to the existing provision, a person making an electro-fusion or mechanical joint is required to perform a complete assembly of each type of electro-fusion and mechanical joint during the initial qualification. For re-qualification, a person must participate in a review of the proper joining procedure each calendar year.

MANGO, in this filing, requested a permanent waiver, which would provide for an alternative means of ensuring qualification for people making joints. MANGO stated a person must be re-qualified each calendar year, but at intervals not exceeding 15 months. MANGO also indicated that the review would cover all steps leading up to the actual production of a joint. MANGO asserted that by not expending the fittings during the re-qualification, it would save money and time, without sacrificing safety.

On May 12, 2000, the PSC Staff filed its recommendation stating that Missouri natural gas operators as well as other states' operators have identified the need for scheduling flexibility of employees' plastic joining re-qualification. Staff referenced an April 26, 1999, State Industry Regulatory Review Committee to support this consensus. Staff stated the applicants' waiver request is consistent with gas pipeline safety, therefore, the PSC should grant the



Gas safety specialists John Kottwitz (left) and Greg Williams take a cathodic protection reading at a regulator station. The reading measures pipeline voltage potential, which is used to help mitigate corrosion.

waiver. PSC Staff also noted that the waiver must be approved by the United States Secretary of Transportation. On June 15, 2000, the PSC granted the waiver.

Federal Natural Gas Activities

Decisions by the FERC directly impact Missouri ratepayers since Missouri's LDCs must use FERC-regulated interstate pipelines for delivery of their natural gas supplies. The PSC believes its involvement in FERC and related judicial proceedings is necessary to ensure that Missouri natural gas consumers receive reliable service at reasonable rates.

While there are 10 interstate pipelines directly serving Missouri with an additional six or so upstream pipelines used by Missouri LDCs, the PSC actively participates in various rate and tariff proceedings of Mississippi River Transmission Corporation (MRT), Panhandle Eastern Pipe Line Company (Panhandle), and Williams Gas Pipelines-Central (Williams). These three pipelines provide service to a majority of the state's natural gas consumers. MRT serves the eastern side of the state, including St. Louis. Panhandle traverses the central part of the state while Williams serves western Missouri, including the Kansas City, St. Joseph, Springfield and Joplin areas.

Kansas Ad Valorem Tax Refunds

Since 1989, the PSC has been aggressively seeking refunds of Kansas ad valorem taxes unlawfully collected from consumers. During 1994-95, Missouri ratepayers received nearly all of the \$13 million in refunds owed for the 1989-93 time period. However, as of May 2000, only \$7.3 million of the estimated \$50-60 million in additional refunds (for 1983-88) have been received by Missouri consumers.

The PSC has submitted information to Congress and testified against legislative proposals, which would reduce producers' refund obligations.

Many producers petitioned FERC to waive some or all of their refund obligations. The PSC protested over 70 of these requests. In addition, the PSC continues to actively participate in all court appeals seeking review of FERC's ad valorem tax orders. On October 29, 1999, the U.S. Court of Appeals issued a very favorable decision (D.C. Cir. Case No. 98-1227), which upheld FERC's denial of producer requests for a generic waiver of the accrued interest on refunds. The decision also required additional amounts be paid by producers, relating to ad valorem reimbursements received by them after October 1983. However, the recovery of refunds from producers has been complicated by the Court's unfavorable December 9, 1999 decision, which upheld FERC's method of making several thousand working interest owners liable for their individual share of refunds and rejected the PSC's challenge to hold a consolidated number of "contract first sellers" liable for the refund obligations.

In October 1999, the PSC filed settlement offers in Williams and Panhandle refund dockets. These offers were designed to provide relief to small producers from their refund liability, and to reduce many of the administrative problems associated with FERC's refund collection procedures. As a result of settlement negotiations that have been taking place, the PSC, Williams, Missouri Gas Energy (MGE) and a large number of smaller working interest owners filed a settlement

on August 7, 2000, which supersedes the October 1999 Offer of Settlement. This proposal would eliminate the administrative burdens associated with pursuing 5% of the total refunds owed from over 300 small working interest owners and operators, and permit negotiations to focus on the remaining 35 producers, who owe 95% of the refunds. Parties await FERC action on these settlement offers.

The PSC will continue to take the necessary legal and regulatory actions to pursue the Kansas ad valorem tax refunds due Missouri consumers.

Mississippi River Transmission Corporation (MRT)

MRT, in its 1999 annual fuel use and loss rate filing, sought to recover from St. Louis and other eastern Missouri consumers approximately \$15 million of gas losses it incurred during the period November 1993 through June 1998. The PSC opposed the flow through of these out-of-period gas losses. On May 31, 2000, FERC agreed with the arguments presented by the PSC and directed MRT to exclude these amounts from the calculation of its fuel rates. MRT has requested rehearing of FERC's orders in this matter.

Kansas Pipeline Company (KPC)

A portion of the gas supply for Kansas City is transported over KPC. FERC allowed KPC to begin charging rates in May 1998, which were significantly higher than the PSC believed were reasonable. The PSC's appeal of these FERC orders is still pending.

In August 1999, KPC filed a new rate case (Docket No. RP99-485) seeking to maintain or slightly increase the initial rates FERC had approved in May 1998. The PSC used six of its staff to present expert testimony in this case. Despite efforts to negotiate a settlement in this matter, the case went to hearing in September 2000.

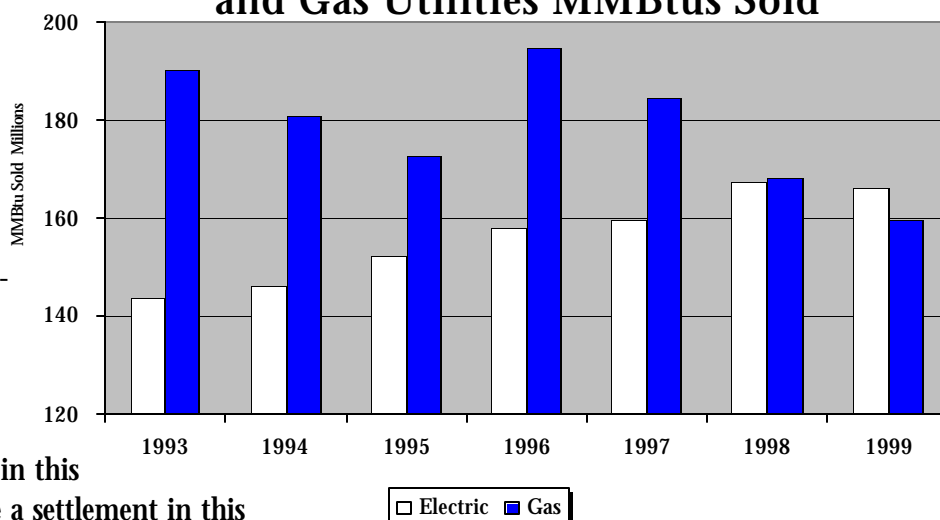
Ozark Gas Transmission (Ozark)

A portion of southeast Missouri's gas supplies are transported over Ozark. In April 2000, Ozark filed to increase its rates by 50%. The PSC protested various aspects of this filing and requested FERC set this matter for a formal hearing. However, FERC directed its staff to establish a technical/settlement conference procedure and report the results by September 28, 2000. The Missouri and Arkansas Commissions have actively participated in FERC's informal proceedings and have tentatively agreed to a settlement with the pipeline, which would result in a rate decrease for Missouri customers.

FERC's Order No. 637

In February 2000, FERC issued Order No. 637 amending its regulations, policies and procedures to improve the competitiveness and efficiency of natural gas transportation markets. FERC directed pipelines to make changes to their tariffs implementing the capacity release, right-of-first-refusal, penalty, and other aspects of the Order's provisions. The PSC has intervened in and is tracking the activities in the various pipeline compliance dockets.

Missouri Jurisdictional Electric and Gas Utilities MMBtus Sold



Electric

Missouri Electric Rates

Through the efforts of Missouri's electric utilities and the PSC, all classes of Missouri customers have benefited from low electric rates. The United States Energy Administration, a non-partisan office in the federal Department of Energy, annually ranks the states according to their average rates in cents per kilowatt-hour. For 1999, Missouri's electric rates for residential, commercial and industrial customers were better than the national average (see tables).

Restructuring

The debate on electric restructuring is continuing at both the national and state level. A number of states are restructuring and have implemented plans which allow customers to choose their suppliers of electricity.

The PSC actively participates in the electric restructuring debate at both the federal and state level. In Missouri, the Joint Interim Committee on Telecommunications and Energy continues to meet to discuss electric restructuring. Commissioners and the PSC Staff are active participants in these meetings and in providing information to the Committee. Any decision to implement restructuring in Missouri would require changes in current Missouri law.

At the national level, the PSC works with NARUC to actively monitor federal legislation and provide testimony at hearings. The NARUC Electricity Committee as well as the NARUC Subcommittee on Strategic Issues directs the NARUC Staff on positions to take or assigns Commissioners to testify on NARUC's position.

Federal Electric Activities

This past year, the major activity at FERC with respect to electricity has been Order No. 2000, in which FERC has required all utilities under its jurisdiction to join a Regional Transmission Organization (RTO) by October 15, 2000 or file an explanation of why it was not possible to do so. Independent System Operators (ISOs), which have previously been approved by FERC, have until January 2001 to file for RTO status. FERC held regional

RESIDENTIAL

State Name	Avg Revenue (cents/kWh)	State Rank
New Hampshire	13.92	1
Hawaii	13.82	2
New York	13.66	3
California	10.60	10
Illinois	9.85	13
Iowa	8.38	20
U.S. Avg.	8.26	
Kansas	7.65	25
Arkansas	7.51	27
Missouri	7.08	34
Oklahoma	6.57	41
Nebraska	6.46	44
Kentucky	5.61	49
Idaho	5.28	50
Washington	5.03	51

COMMERCIAL

State Name	Avg Revenue (cents/kWh)	State Rank
Hawaii	12.31	1
New Hampshire	11.64	2
New York	11.63	3
California	9.66	8
Illinois	7.77	15
U.S. Avg.	7.41	
Iowa	6.67	22
Kansas	6.34	31
Missouri	5.99	37
Arkansas	5.90	38
Oklahoma	5.66	43
Nebraska	5.45	46
Oregon	5.00	49
Washington	4.81	50
Idaho	4.34	51

INDUSTRIAL

State Name	Avg Revenue (cents/kWh)	State Rank
New Hampshire	9.42	1
Hawaii	9.41	2
Massachusetts	8.18	3
California	6.59	10
Illinois	5.11	13
U.S. Avg.	4.48	
Kansas	4.46	21
Missouri	4.43	24
Arkansas	4.16	32
Iowa	3.99	35
Oklahoma	3.65	43
Nebraska	3.60	44
Kentucky	2.91	49
Idaho	2.77	50
Washington	2.64	51

RTO conferences in the spring of 2000. The Missouri PSC participated and gave presentations at two of these regional conferences (Kansas City and Cincinnati).

Investor-owned utilities in Missouri are currently associated with three regional transmission entities. AmerenUE is a member of the Midwest ISO, which includes transmission systems in Wisconsin, Illinois, Indiana, Ohio, Pennsylvania, Virginia and Kentucky. The Midwest ISO plans to be in operation by the summer of 2001, and is in the process of upgrading its tariffs and procedures to meet the requirements of Order 2000. Major changes involve the structure of real-time power markets and a detailed system to manage transmission congestion. The Missouri PSC has actively participated in this process with other state commissions through the Midwest ISO's Policy Committee and its subcommittees.

Empire District Electric Company, Missouri Public Service Company and Kansas City Power and Light Company are members of the Southwest Power Pool (SPP) – a regional reliability council and regional transmission provider that covers an area south and west of Missouri (Kansas, Oklahoma, Arkansas, Louisiana, Mississippi and Texas). Late in 1999, the SPP filed for approval by FERC as an ISO. In May 2000, FERC rejected the SPP filing, and instead placed the SPP as a regional transmission entity to meet the Order 2000 requirements for an RTO. The SPP initiated an RTO Working Group to develop the tariffs and procedures to meet the requirements of Order 2000 and the PSC has actively participated in that process.

St. Joseph Light & Power Company is a member of the Mid-Continent Area Power Pool (MAPP) – a regional reliability council that covers an area north and west of Missouri (Nebraska, Iowa, South Dakota, North Dakota, Minnesota and western Wisconsin). MAPP members decided not to form a separate RTO, and instead member transmission owners could join the Midwest ISO. In addition, as an electric reliability council, MAPP entered into a memorandum of understanding to merge with the Mid-America Interconnected Network (MAIN) – an electric reliability council to the north and east of

Missouri (Illinois and eastern Wisconsin).

Price Spikes

Again, during the summer of 1999, Midwest electric utilities experienced sharp price increases in wholesale electric power. Missouri electric companies under PSC jurisdiction do not have a procedure to pass higher costs on to their customers absent the filing of a general rate case. The PSC Staff continues to be very active in monitoring the electric supply in Missouri during the hot summer months when electric supplies are strained.

A number of generation facilities are under construction in the Midwest and will be in commercial operation by the summer of 2001. A few units became operational in the summer of 2000.



Tom Lin, PSC Electric Department, monitors open market electric price activity.

Merger Activities

On October 19, 1999, UtiliCorp United Inc. (UtiliCorp) and St. Joseph Light & Power Company (SJLP) filed a joint application seeking authority to merge SJLP into UtiliCorp. According to the application, the merger is expected to result in significant synergies from generation, economies of scale and efficiencies realized from the elimination of duplicate corporate and administrative services. The



PSC Electric Department Manager, Bill Washburn, testifies in a hearing before the Commission.

value of the transaction is approximately \$270 million. The application states that following the merger, UtiliCorp will operate SJLP as a separate and distinct Missouri retail energy distribution unit using SJLP's current rates, rules, regulations and tariffs on file with the PSC. Hearings were held in July 2000, and an order is expected before the end of the year.

On December 15, 1999, UtiliCorp and The Empire District Electric Company (Empire) filed a joint application with the PSC to merge Empire into UtiliCorp. The merger transaction is valued at approximately \$800 million according to the application.

UtiliCorp and Empire expect that the merger will result in significant synergies from generation, economies of scale, and efficiencies realized from the elimination of duplicate corporate and administrative services. Following the closing of the merger, UtiliCorp will continue Empire's operations as a separate and distinct unit with the same rates, rules, regulations and other tariff provisions that Empire currently has on file and approved by the PSC.

Rate Reduction: St. Joseph Light & Power Company and AmerenUE

The PSC ordered St. Joseph Light & Power Company (SJLP) to implement a rate decrease of approximately \$2.5 million. This order was the result of an earnings audit conducted by the PSC

Staff and an agreement between SJLP, the PSC Staff, the Office of the Public Counsel and intervening parties. SJLP's electric rates dropped by approximately \$2.5 million or 1.53% for a typical residential customer.

As a result of a steam rate case, SJLP's steam service rates decreased by \$25,000.

AmerenUE's Rates

The electric rates for AmerenUE were reduced by approximately \$16 million to reflect, on an ongoing basis, increased earnings that have been shared each year with its customers through bill credits under an Experimental Alternative Regulation Plan that ended on June 30, 1998.

AmerenUE's electric rate decrease applied primarily to large class customers.

Electric Tariff Filings

During the fiscal year, the PSC received 33 electric tariff filings, which included the following:

Internet Billing

AmerenUE has applied for approval of an Internet billing program. If approved, the program would eliminate postcard billing for qualified customers choosing the option of receiving and paying their electric and gas bills via the internet. Current PSC rules require that utility bills be mailed or hand delivered.

Voluntary Load Reduction

AmerenUE initiated a Voluntary Curtailment Rider on June 1, 1999. This rider provides bill credits to customers for curtailing electrical usage during specified periods at the request of the utility. Customers are credited for each actual load reduction, unlike interruptible rates, which credit customers the same amount each month whether or not curtailments are called and no matter how many curtailments are called. Voluntary Load Reduction Riders have now been approved for Kansas City Power & Light Company, Missouri Public Service and St. Joseph Light & Power Company.

KCPL Restructuring Plan

On May 15, 2000, Kansas City Power & Light Company (KCPL) filed an application with the PSC seeking authority to restructure the Company to create a holding company, a competitive generation company, a regulated utility company and an unregulated subsidiary. According to the application, KCPL proposes to separate its generation assets from its transmission, distribution, and customer service assets by creating separate affiliated companies owned by a common holding company. The holding company would be separated into three companies, a distribution and transmission company (KCPL Delivery) and a generation company (KCPL Power).

Following the completion of the restructuring transaction, KCPL Delivery would operate as a regulated electrical corporation under the jurisdiction of the PSC and would provide electric transmission and distribution service to its existing customers. KCPL Power would supply KCPL Delivery with power and energy pursuant to a Power Supply Agreement.

With the many complex issues to be resolved in the application, KCPL proposed that the case be divided into four phases, defined by four filings to be made over a period of approximately one year starting in late 2000.

Territorial Agreements and Change of Electric Supplier

On April 7, 2000, AmerenUE and Lewis County Rural Electric Cooperative filed a joint application with the PSC seeking approval of a territorial agreement. The proposed territorial agreement designates the boundaries of each electric supplier within portions of the Missouri counties of Lewis, Clark, Shelby, Knox, Adair, Schuyler, Scotland and Marion. The agreement does not transfer any customers or facilities, but designates exclusive service areas for each utility and will prevent future duplication

of facilities. An order is expected later in the year.

On May 24, 2000 AmerenUE and Intercounty Electric Cooperative Association filed a joint application asking the PSC to approve a territorial agreement. The proposed territorial agreement designates the service area for new structures in portions of Maries, Phelps and Gasconade counties in Missouri. The agreement is designed to avoid duplication of facilities and minimize disputes between the two suppliers. The agreement designates the boundaries of the exclusive electric service area for service of new structures within the designated areas. The territorial agreement does not require the transfer of any facilities or customers. On June 23, 2000, the PSC issued an Order Adopting Procedural Schedule. That order provided that a hearing would be held on August 15.

Affiliated Transactions

As the electric industry anticipates possible restructuring, Missouri electric utilities are beginning to offer more non-regulated services. The provision of these non-regulated services opens a potential for ratepayers to subsidize or underwrite these non-regulated services.

After much discussion and public hearings, the PSC's affiliate transaction rule became effective February 29, 2000. The rule requires electric



PSC Electric Department employees conduct periodic safety inspections of various plant facilities in the state.

utilities to keep records in a manner that will allow the PSC to determine if ratepayers subsidize the non-regulated business activities of utilities.

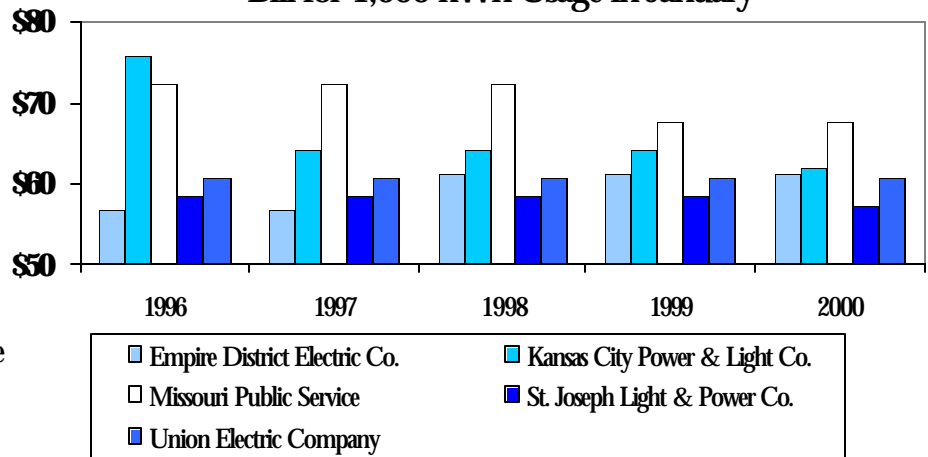
Safety Seminars

The PSC Staff continues to hold semi-annual electric safety meetings to provide training and to exchange information involving worker safety and public safety. Safety managers from investor-owned, cooperatives and municipal electric utilities in the state meet to discuss ways to heighten awareness of the hazards associated with the delivery and use of electricity. In addition, these meetings are used to develop strategies to communicate this message to the citizens of Missouri.

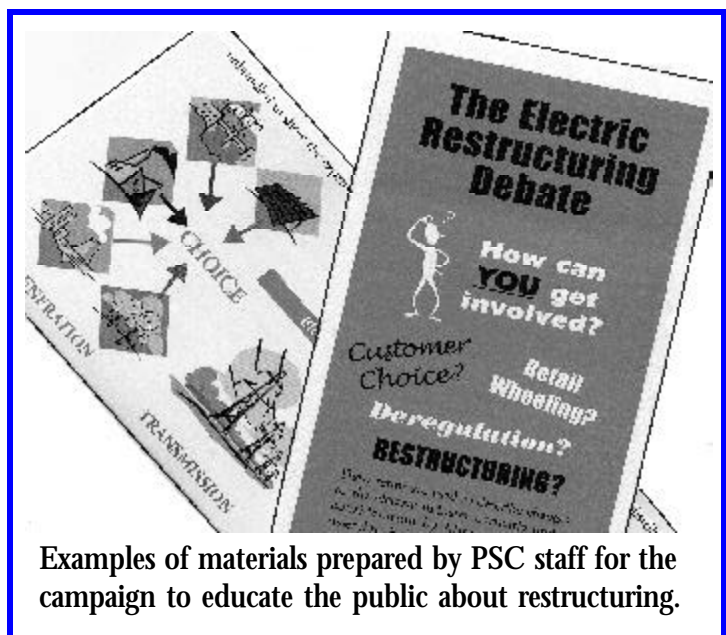
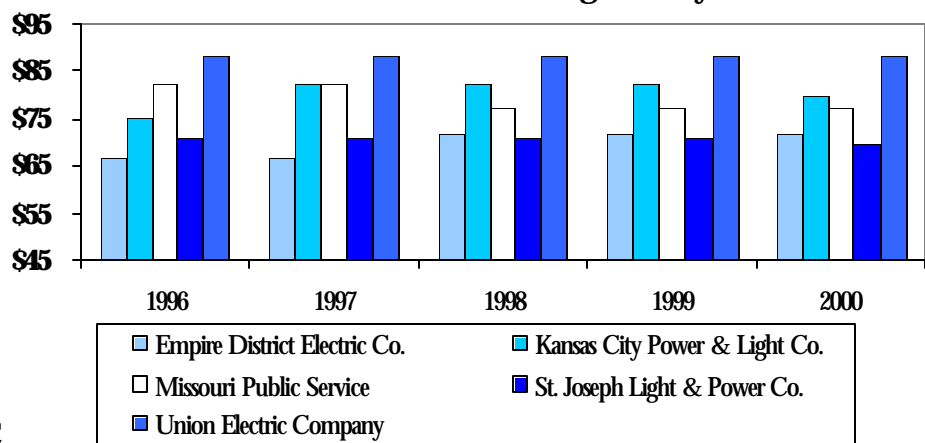
Public Education

With electric restructuring now affecting more than 60 percent of the nation, the General Assembly created a position at the PSC for educating electricity consumers about the consideration of similar laws for Missouri. The PSC launched its electric restructuring customer education and information campaign at the Missouri State Fair in Sedalia in August. The campaign is designed to raise public awareness and encourage citizens to voice their opinions on the issue. PSC employees spent 11 days at the fair distributing educational materials to the public, answering questions about restructuring and encouraging consumers to fill out an electric restructuring survey. The PSC has been receiving a steady return of customer surveys the results of which will be forwarded to the Missouri General Assembly for consideration as they debate the electric restructuring issue in the future.

Residential Electric Customer
Bill for 1,000 kWh Usage in January



Residential Electric Customer
Bill for 1,000 kWh Usage in July



Examples of materials prepared by PSC staff for the campaign to educate the public about restructuring.

Water & Sewer Department

Department Personnel

The Water & Sewer Department consists of seven professional/technical positions and is split into two sections, Rates and Engineering. Although the Department is split into the Rates and Engineering Sections, staff members work closely together as a team.

As with most departments within the PSC's organizational structure, the Department's management personnel carry out not only their administrative duties, but are also involved in a great deal of the technical and analytical case work that falls within the scope of the Department's responsibilities. As a group, the Department's staff members have 115 years of regulatory and/or water and sewer utility work experience, with much of that experience having been gained by their work in the Department.

Department Responsibilities

By law, the PSC is responsible for regulating the rates charged by and the operating practices of the privately owned water and sewer corporations that operate in Missouri. The Water & Sewer Department helps the PSC fulfill its responsibilities by providing technical expertise on matters relating to water and sewer system operations and the tariffed rates, charges and services of regulated water and sewer companies.

The general objectives of the Department are twofold. The first objective is to ensure regulated water and sewer companies provide safe and adequate service to their customers at rates that are deemed just and reasonable. The second objective is to ensure companies provide service according to applicable rules and procedures and the provisions of their PSC approved tariffs. Specific aspects of the Department's work include:

- *Reviewing and evaluating existing tariffs and tariff filings to determine whether their provisions comply with applicable PSC rules, policies and state laws;



Water & Sewer Department Assistant Manager, Jim Merciel, evaluates the performance data in the control room of a Missouri water treatment plant.

- *Participating in all formal and informal rate filings from the perspective of evaluating the appropriateness and design of proposed rates and charges, the adequacy of system operations and the appropriateness of and/or need for system plant additions that have been or will be placed in service;

- *Participating in the review of all applications for new/expanded certificated service areas from the perspective of evaluating the reasonableness and design of proposed rates and charges, proposed system design, plans for system operations and overall project feasibility;

- *Participating in the review of financing applications to determine the appropriateness of and/or need for projects being financed, as necessary;

- *Conducting regularly scheduled field inspections to determine whether company facilities and overall system operations comply with applicable PSC rules, company tariff provisions and proper operational procedures.

- *Interacting with company owners/operators regarding operational and technical matters;

*Investigating customer complaints and responding to customer inquiries concerning matters related to rates, charges, system operations and quality of service; and

*Providing expert testimony before the PSC on water and sewer cases pending before it, and providing technical advice to the PSC in its rulemaking actions on water and sewer matters.

Interaction With The Department Of Natural Resources

Of the utilities regulated by the PSC, water and sewer utilities are unique in that another state agency, the Department of Natural Resources (DNR), also has significant jurisdiction over them. Specifically, DNR's jurisdiction covers the area of the water and sewer utilities' compliance with applicable federal and state environmental and water quality laws and regulations.

While the PSC's rules provide for general oversight regarding water quality and sewage treatment standards, the PSC relies upon DNR to determine whether companies are complying with the applicable federal and state environmental and water quality laws and regulations.

Because of the overlapping jurisdiction between the PSC and DNR, staffs of both agencies attempt to work cooperatively in achieving the agencies' respective missions. For some time, the two agencies have shared information regarding companies for which the agencies share regulatory responsibilities. However, PSC Chair Sheila Lumpe and DNR Director Steve Mahfood have recently pressed for improvements in the agencies' cooperation and coordination on overlapping matters, such

as the DNR's issuance of construction and operating permits and the PSC's utility service area certification process. As a result, the staffs of DNR and the PSC are currently finalizing procedures that will streamline the application processes for new water system construction, permitting and certification and will better coordinate the agencies' respective review and approval processes for such systems.

PSC Regulated Water & Sewer Companies

The PSC currently has jurisdiction over 57 sewer companies and 71 water companies, which operate in various locations throughout the state. The tables set out on the following page show the distribution of the number of companies based upon the number of customers served, using the most recently available customer numbers. As is shown in these tables, the vast majority of the PSC's jurisdictional water and sewer utilities are very small, which presents unique situations with which the PSC and Department Staff must deal.



PSC Staff members inspect chlorine disinfection flow controllers at a Missouri water treatment facility

Regulated Sewer Companies

Customer Base	Number of Companies	Customers Served	% of Total Customers Served
1,000 & Up	2	2,541	23.3
500 - 999	3	2,038	8.7
200 - 499	8	2,536	23.3
100 - 199	17	2,606	23.9
Less Than 100	27	1,166	10.7
TOTALS	57	10,887	100.0



An alluvial water well near the Missouri River.

Regulated Water Companies

Customer Base	Number of Companies	Customers Served	% of Total Customers Served
100,000 & Up	1	306,000	69.0
50,000 - 99,999	1	95,599	21.6
10,000 - 49,999	1	10,800	2.4
5,000 - 9,999	1	6,771	1.5
2,500 - 4,999	1	4,679	1.0
1,500 - 2,499	2	4,704	1.0
750 - 1,499	5	4,928	1.1
500 - 749	5	3,004	0.7
200 - 499	9	2,607	0.6
100 - 199	22	3,294	0.8
Less Than 100	23	1,193	0.3
TOTALS	71	443,579	100

SERVICE QUALITY

Engineering and Management Services Department

The Engineering and Management Services Department's mission (EMS) is to develop, enhance and support utility management to provide quality services to customers and effective cost control of critical resources such as capital, technology and people. The Engineering staff of EMS conducts depreciation studies and provides specialized engineering analysis and assistance in all types of regulated utilities and quality of service support for local telephone exchange carriers through its line testing programs.

Major Projects

The staff participated in a number of mergers during the year and recommended a series of quality of service indicators to ensure that service quality does not deteriorate after the completion of the mergers. Service quality indicators were recommended as well as a reporting mechanism. Specifically, staff participated in the Southern Union merger with Pennsylvania Enterprises, Providence Energy, Fall River Gas, and Valley Resources and the merger of Atmos Energy with Associated Natural Gas Company. Staff also provided testimony in requests before the PSC for UtiliCorp United Inc. to merge with St. Joseph Light and Power Company and Empire District Electric Company. This participation was consistent with staff's past concerns in merger cases regarding the potential for service to decline in a post merger environment.

The PSC retained the services of the National Regulatory Research Institute (NRRI) to develop and administer a gas customer opinion survey to assess the consumer's level of satisfaction with their present service and their expectations. The main objective of the study was to determine the overall quality of service received by Missouri's natural gas customers. The survey also provided the PSC with information useful in developing benchmark outcome goals for consumer education efforts. The telephone survey sampled 1,251 residential customers of Missouri natural gas utilities.

Staff completed its review of the Customer

Services functions of AmerenUE. A total of 28 recommendations were made for improvement in the areas of billing, meter reading, credit and collections and service center operations. Staff will review the Company's progress in evaluating and implementing these improvements. An additional investigation has been initiated at AmerenUE to review specific problems associated with billing systems for gas services.

Staff developed a monthly report that presents customer complaint trends over the most recent 18 months for electric, gas, telephone, water and sewer utilities. The report is a useful tool in helping to identify utilities that may be exhibiting less than satisfactory performance. The report's database can be searched to determine the nature of complaints that are causing utilities to exhibit negative trends. The report is presently being enhanced to incorporate an increased range of utility types.

Engineering staff developed a technical training class on regulatory depreciation. This class was conducted for other PSC regulatory staff to acquaint them with depreciation issues.

Engineering staff also participated in the Raytown Water, Missouri American Water, St. Joseph Light and Power and AmerenUE rate cases, as well as other cases, providing testimony and support in engineering and depreciation analysis. Staff is also presently participating in the St. Louis County Water rate case.

Staff from the Engineering and Management Services Department maintain an awareness of developments across the country by their participation in NARUC staff subcommittees and work projects. They have also been active in trade organizations such as the Society of Depreciation Professionals and Missouri Telephone Industry Association.

Participation in multi-disciplinary project teams formed within the PSC to address specific technical or administrative issues has been an important role for EMS staff. They have assisted in a number of internal projects and teams including strategic planning, the Task Force on Electric Restructuring, consumer quality issues and the automation of internal and external process improvements.

Organizational Functions

Executive Director

Brian Kinkade, Executive Director

The Executive Director is the PSC's chief operations officer. The Executive Director is responsible for the overall administrative functions and the policy direction of the Staff. The Executive Director also serves as the primary liaison between the Commissioners and the Staff.

Adjudication Division

Dale Hardy Roberts, Secretary/Chief Regulatory Law Judge

The Secretary/Chief Regulatory Law Judge is responsible for the statutory obligations of the Secretary of the Commission.

A staff of full-time regulatory law judges is utilized to meet the procedural demands of the large volume of contested cases filed with the Commission. Each case is assigned a regulatory law judge on a rotational basis. The regulatory law judge prepares the necessary orders for the Commission's issuance which are required to comply with notice and procedural due process requirements to afford full and fair hearings to the parties on matters before the Commission.

It is the duty of the regulatory law judge to take a case through the hearing and post-hearing process and to draft proposed orders based upon the evidence of record.

Administration Division

Donna M. Kolilis, Director

The Administration Division is responsible for managing the fiscal, personnel, and information resources of the agency. This Division oversees budget development, strategic planning, internal accounting, procurement, staff services, personnel, payroll, information services and training functions for the agency.

General Counsel

Dana K. Joyce, General Counsel

The Office of the General Counsel represents the Staff and Commission in all matters relating to Missouri utility regulation. Its duties consist of traditional legal work and include providing advice, upon request, to the Commission and each Commissioner. The Office also represents the Commission in actions involving questions under the PSC or other laws, the defense of Commission orders or decisions and, as directed or authorized by the Commission, the intervention in related proceedings and the prosecution of actions on behalf of the state as authorized by law.

Research and Public Affairs Division

Gordon L. Persinger, Director

The Research and Public Affairs Division contains the Consumer Services Department, the Public Information Office, and the PSC's Legislative Coordinator. Consumer Services, with offices in Jefferson City and St. Louis, is the clearinghouse for all inquiries and complaints received by the PSC. The Public Information Office develops and distributes press and media information on current PSC activities, maintains the PSC Reports and deals with other media requests. The Legislative Coordinator is the PSC's primary liaison with the Missouri General Assembly and also assists with other education and consumer relations activities.

Utility Operations Division

Wess Henderson, Director

The Utility Operations Division is comprised of five departments: Telecommunications, Electric, Gas, Water and Sewer, and Manufactured Housing. It supports the Commission in meeting its statutory responsibilities by providing technical expertise in energy safety; utility rates, tariffs, rules and regulations; economic analysis; engineering oversight and investigations; and construction inspections. The Utility Operations Division also has oversight of the Manufactured Housing Department's regulation of manufactured home dealers operating in Missouri. The division accomplishes its mission by making recommendations to the Commission in the form of expert testimony and formal recommendations.

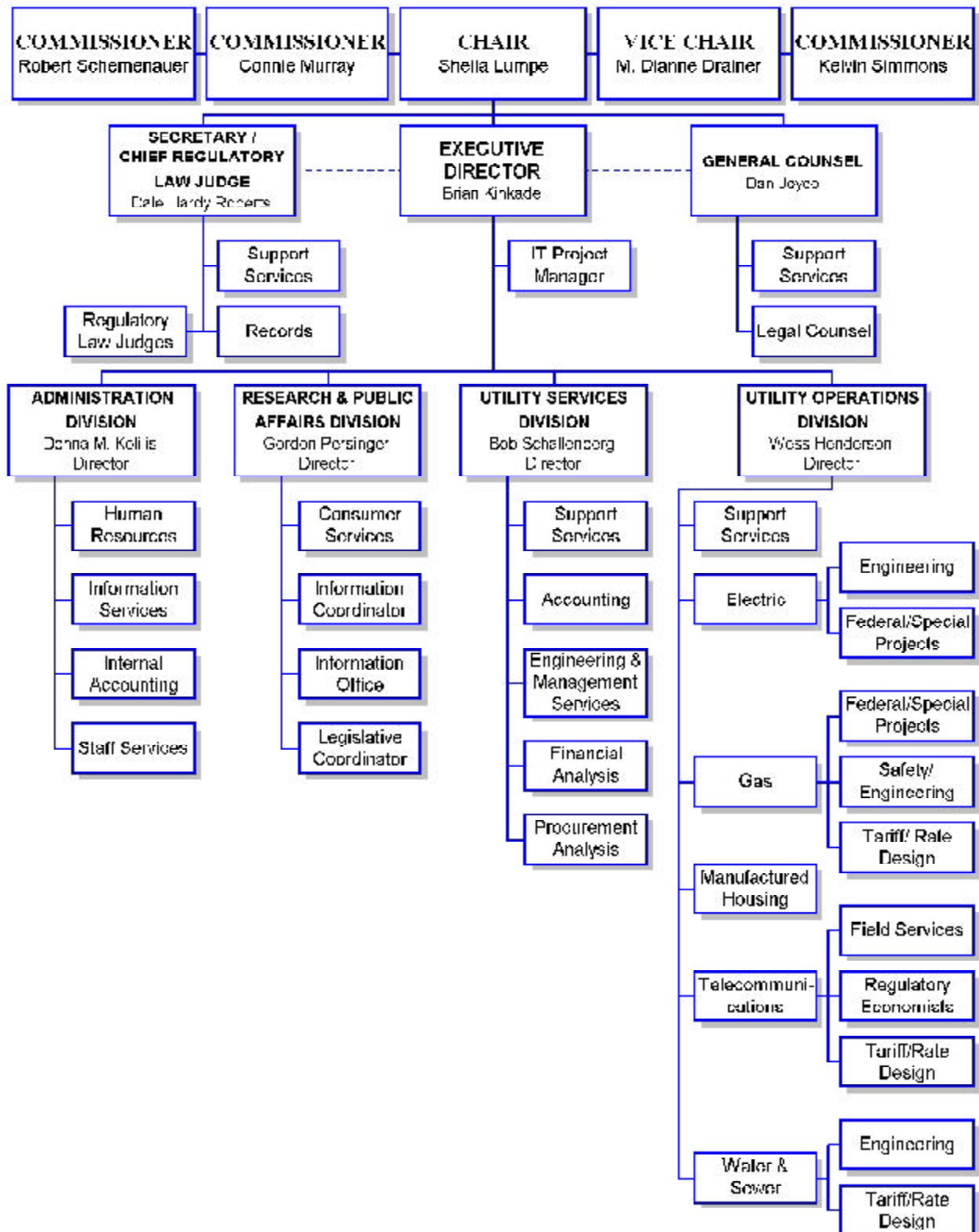
Because of its diverse responsibilities, the Utility Operations Division retains a professional staff with expertise in accounting, economics, finance and engineering.

Utility Services Division

Robert Schallenberg, Director

The Utility Services Division consists of five departments and supports the Commission by providing technical expertise in utility finance, accounting and auditing, natural gas procurement, depreciation analysis and management services. Staff members assigned to the Division accomplish their mission by performing audits and/or reviews of the books and records of the utilities. Staff draws conclusions from these findings and makes recommendations to the Commission in the form of expert testimony and formal recommendations. The Division is also responsible for investigating and responding to consumer complaints and making recommendations to the Commission regarding their resolution.

MISSOURI PUBLIC SERVICE COMMISSION ORGANIZATIONAL CHART



YEAR IN REVIEW

1999

August 17

PSC approves agreements which result in rate reductions for electric and steam customers of St. Joseph Light & Power. In addition, PSC approves an agreement which results in no rate increase for natural gas customers of St. Joseph Light & Power. The electric rate reduction is \$2.5 million; the steam reduction is \$25,000.

August 19

PSC determines Sprint Missouri, Incorporated meets the standard to become price cap regulated in Missouri.

September 2

PSC approves the electric merger between Kansas City Power & Light and Western Resources. The merger was later canceled by the parties.

PSC approves an agreement which authorizes United Water Missouri, Inc. to increase annual water revenues by approximately \$484,000 on January 1, 2000 and by an additional \$267,000 on December 1, 2000. When the Company filed its rate request on February 2, 1999, it sought to increase water revenues by approximately \$1.1 million.

PSC approves water territorial agreement between the City of Maryville and Public Water Supply District No. 1 of Nodaway County.

September 28

PSC approves territorial agreement between the City of Fulton and Callaway Electric Cooperative.

October 1

PSC sets up efforts to conserve future telephone numbers.

October 15

Missouri-American Water Company files water and sewer rate cases with the PSC. Company seeks to increase water revenues by approximately \$16.4 million; sewer revenues by approximately \$2,360.

October 19

PSC approves territorial agreement between AmerenUE and Ozark Border Electric Cooperative which designates the boundaries of each electric supplier in portions of the Missouri counties of Bollinger, Butler, Carter, Dunklin, Iron, Madison, New Madrid, Reynolds, Ripley, Stoddard and Wayne.



December 15

PSC cuts, by almost two-thirds, a rate request filed by Laclede Gas Company. PSC grants a rate increase of approximately \$11.2 million. When Laclede filed its rate request on January 26, 1999, it sought to increase annual revenues by approximately \$30.5 million.

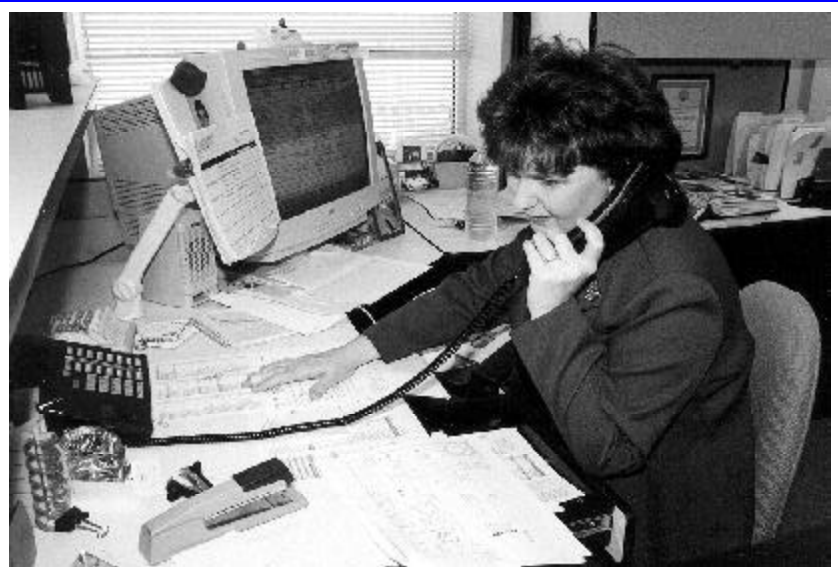
Year in Review- 1999

December 17

North American Numbering Plan Administrator NeuStar, Inc. files a petition requesting the PSC approve “overlay” plans to alleviate an apparent exhaustion of available NXX codes in the 314 area code in eastern Missouri and the 816 area code in western Missouri.

December 31

PSC Staff members were at the State Emergency Management Agency on the evening of December 31st and the morning of January 1st reporting no Y2K related service disruptions.



2000

January 4

PSC approves agreement regarding the decommissioning cost estimate and funding level of AmerenUE's Callaway nuclear power plant decommissioning trust fund. The agreement will have no effect on the current electric rates of AmerenUE customers.

January 27

PSC approves agreement regarding the decommissioning cost estimate and funding level of Kansas City Power & Light's Wolf Creek nuclear power plant decommissioning trust fund. The agreement will have no effect on the current electric rates of KCPL customers.

February 1

Brian Kinkade named as Executive Director of the Missouri Public Service Commission.

February 8

Southern Missouri Gas Company files a \$390,000 natural gas rate case with the PSC.

February 18

AmerenUE files a \$12 million natural gas rate case with the PSC.

February 26

Permissive dialing ends, mandatory dialing begins in the new 636 area code in eastern Missouri.

February 29

Electric customers of Union Electric Company (AmerenUE) will receive one-time bill credits totaling approximately \$28.4 million under a plan approved by the PSC in July 1995. This bill credit represents the third year of the experimental alternative regulation plan. In addition, AmerenUE was directed to reduce permanent electric rates by approximately \$16.3 million effective April 1, 2000.

March 16

PSC approves application which authorizes Missouri-American Water Company to acquire the common stock of United Water Missouri, Inc.

April 4

PSC approves application authorizing GTE Midwest Incorporated to sell 107 of its exchanges in Missouri to Spectra Communications Group, LLC.

April 20

PSC approves the sale of Arkansas Western Gas Company (d/b/a Associated Natural Gas) to Atmos Energy Corporation.

April 25

PSC approves water territorial agreement between the City of Columbia and Public Water Supply District No. 4 of Boone County.

April 30

PSC approves agreement between the PSC Staff and United Cities Gas Company which limits the frequency of natural gas filings to reflect changes in the wholesale price of natural gas to a maximum of three a year.

May 11

Missouri Senate confirms Kelvin Simmons as Commissioner on the PSC.

May 25

PSC approves GTE Midwest Incorporated application authorizing the Company to sell part of its system located in Missouri to Iowa Telecom.

June 1

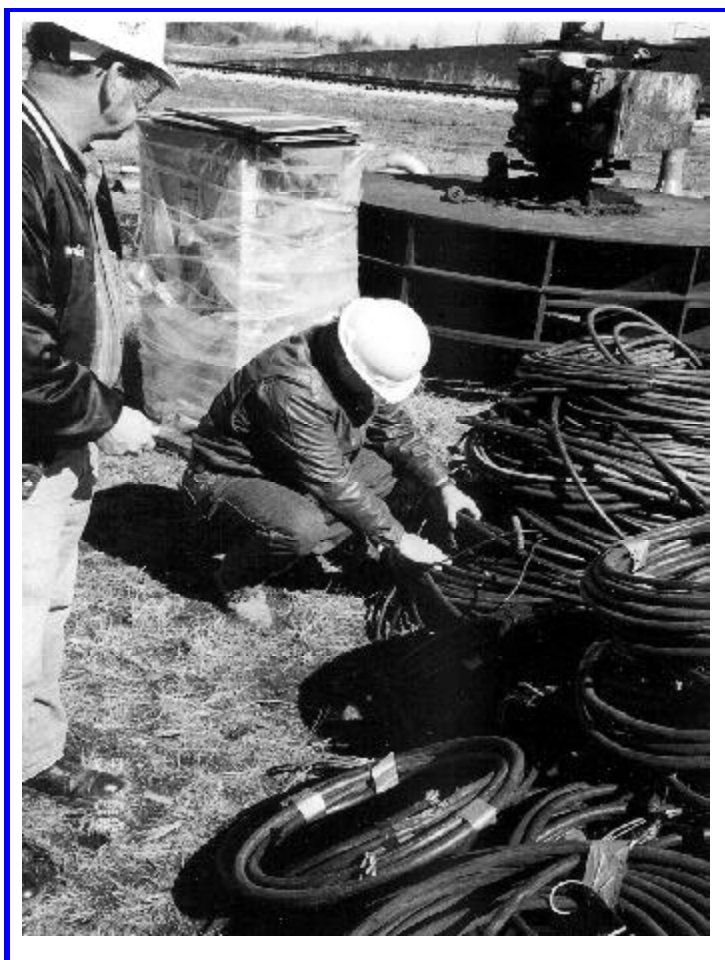
PSC approves application which authorizes The Empire District Electric Company to sell and transfer an interest in certain assets to Westar Generating, Inc. for the purpose of constructing additional electric generating facilities at Empire's "State Line" facility.

June 22

PSC approves agreement which authorizes Kansas City Power & Light to continue to manage its sulfur dioxide emission allowance inventory.

June 29

PSC approves applications which authorize Southern Union Company to acquire the stock of and merge with Providence Energy Corporation, Fall River Gas Company and Valley Resources, Inc.



Statistical Information

RATE CASE DECISIONS DURING FISCAL YEAR 2000

TELEPHONE

<u>Date of Order</u>	<u>Case No.</u>	<u>Company</u>	<u>Rate Request</u>	<u>PSC Decision</u>
9/23/99	TR-98-345	Lathrop Telephone Company	0	(\$182,700)

NATURAL GAS

<u>Date of Order</u>	<u>Case No.</u>	<u>Company</u>	<u>Rate Request</u>	<u>PSC Decision</u>
8/17/99	GR-99-246	St. Joseph Light & Power Company	\$499,000	0
12/14/99	GR-99-315	Laclede Gas Company	\$30,500,000	\$11,200,000

ELECTRIC

<u>Date of Order</u>	<u>Case No.</u>	<u>Company</u>	<u>Rate Request</u>	<u>PSC Decision</u>
8/17/99	ER-99-247	St. Joseph Light & Power Company	\$6,098,094	(\$2,500,000)
2/29/00	EO-96-15	Union Electric Co. d/b/a AmerenUE	0	(\$16,321,000)
	EO-96-14		0	(\$28,375,000) (1)
	EM-96-149		0	(\$26,966,059) (1)

- (1) One-time bill credit under experimental alternative regulation plan distributed in April and May 2000 billing periods.

STEAM

<u>Date of Order</u>	<u>Case No.</u>	<u>Company</u>	<u>Rate Request</u>	<u>PSC Decision</u>
8/17/00	HR-99-245	St. Joseph Light & Power Company	\$274,423	(\$25,000)

RATE CASE DECISIONS DURING FISCAL YEAR 2000

WATER

Large Company Rate Cases

<u>Date of Order</u>	<u>Case No.</u>	<u>Company</u>	<u>Rate Request</u>	<u>PSC Decision</u>
09/22/99	WR-99-326	United Water Missouri, Inc.	\$1,100,000	\$484,000 (1) \$267,000 (2)

(1) First phase rate increase takes effect January 1, 2000

(2) Second phase of rate increase takes effect on December 1, 2000

Small Company Rate Cases

<u>Effective Date⁽⁴⁾</u>	<u>File / Case Numbers ⁽³⁾</u>	<u>Company</u>	<u>PSC Decision</u>
04/01/00	99 00333 / WR-2000-68	Terre Du Lac Utilities Corporation	\$20,236
12/30/99	99 00481 / WR-2000-349	Spokane Highlands Water Company	\$2,675
No	99 00787	Warren County Water & Sewer Co.	N/A
12/21/99	99 00788 / WR-2000-241	McCord Bend Water Company	\$12,881
05/10/00	99 00915 / WR-2000-594	Emerald Point Utility Company	\$2,500
05/01/00	99 00946 / WR-2000-416	RDE Water Company	\$6,185
03/01/00	2000 00008 / WR-2000-337	Quail Run Water & Land Company	\$11,243
Pending	2000 00345 / WR-2000-557	Osage Water Company	N/A
Pending	200000777	Raytown Water Company	N/A
Pending	200000952	Shell Knob Estates Utilities, Inc.	N/A
Pending	200001187	Silver Leaf Resorts, Inc.	N/A

SEWER

Small Company Rate Cases

<u>Effective Date⁽⁴⁾</u>	<u>File / Case Numbers ⁽³⁾</u>	<u>Company</u>	<u>PSC Decision</u>
04/01/00	99 00334 / SR-2000-69	Terre Du Lac Utilities Corporation	\$14,402
No	99 00800	Warren County Water & Sewer Co.	N/A
05/10/00	99 00916 / SR-2000-595	Emerald Point Utility Company	\$2,500
Pending	2000 00346 / SR-2000-556	Osage Water Company	N/A
Pending	200000755	House Springs Sewer Company	N/A
Pending	200000953	Shell Knob Estates Utilities, Inc.	N/A
Pending	200001188	Silver Leaf Resorts, Inc.	N/A

(3) The first block of numbers in the Case Number and the Reference Number (99 or 2000) indicate the fiscal year in which the rate increase request was originally submitted to the PSC.

(4) An entry of "Pending" in the last column of the tables indicates that a final disposition of the rate increase request had not been reached as of September 15, 2000.

Telephone Statistics

<u>Company</u>	<u>Access Lines</u>	<u>Exchanges</u>
Southwestern Bell Telephone Co., St. Louis	2,700,000	166
GTE Midwest, Inc. d/b/a Verizon, Columbia	405,432	97
United Telephone Co. d/b/a Sprint, Jefferson City	265,118	79
Spectra Communications, LLC	120,000	107
ALLTEL Missouri Service Corp., Little Rock, Ark.	64,282	60
Fidelity Telephone Co., Sullivan	16,433	9
Grand River Mutual Telephone Corp., Princeton	14,997	32
Chariton Valley Telephone Corp., Bucklin	7,318	18
Cass County Telephone Co., Peculiar	7,000	6
Kingdom Telephone Co., Auxvasse	5,258	7
Steelville Telephone Exchange, Inc., Steelville	4,700	4
Northeast Missouri Rural Telephone Co., Green City	4,431	11
Citizens Telephone Co., Higginsville	4,400	3
Mark Twain Rural Telephone Co., Hurdland	4,362	14
Modern Telecommunications Co., Green City	4,162	3
Mid-Missouri Telephone Co., Pilot Grove	3,999	12
Green Hills Telephone Corp., Breckenridge	3,997	13
BPS Telephone Co., Malden	3,705	3
McDonald County Telephone Co., Pineville	3,650	3
Seneca Telephone Co., Seneca	3,285	4
Granby Telephone Co., Granby	2,988	2
Craw-Kan Telephone Cooperative, Inc., Girard, Kansas	2,417	6
Ozark Telephone Co., Seneca	2,348	2
Ellington Telephone Co., Ellington	2,101	5
Goodman Telephone Co., Goodman	1,942	2
Rock Port Telephone Co., Rock Port	1,815	2
Lathrop Telephone Co., Princeton	1,484	1
Stoutland Telephone Co., Stoutland	1,409	2
KLM Telephone Co., Rich Hill	1,400	4
Le-Ru Telephone Co., Stella	1,350	2
Iamo Telephone Co., Coin, Iowa	1,177	4
Oregon Farmers Mutual Telephone Co., Oregon	1,176	1
Miller Telephone Co., Miller	1,047	1
New London Telephone Co., New London	1,031	1
Orchard Farm Telephone Co., St. Charles	784	1
Mo-Kan Dial, Inc., Louisburg, Kansas	766	1
Choctaw Telephone Co., Halltown	570	1
Holway Telephone Co., Maitland	560	2
New Florence Telephone Co., New Florence	470	1
Peace Valley Telephone Co., Peace Valley	425	1
Alma Telephone Co., Alma	380	1
Farber Telephone Co., Farber	288	1
Total	3,409,339	695

Note: Access Lines in use as of July 1, 2000. Billed access lines would be somewhat less.

Natural Gas Utilities Statistics

Calendar Year 1999 (Missouri Jurisdictional)

Name of Company	Mcf Sold 1999	Total Operating Revenues (\$)	Total Number of Residential Customers	Total Number of Customers
AmerenUE	13,477,102	\$ 83,447,634	95,338	107,173
Associated Natural Gas Co. (1)	7,282,270	32,373,413	41,061	47,035
Atmos Energy Corp. (2)	1,917,706	10,583,537	14,695	16,617
Fidelity Natural Gas, Inc.	192,563	547,061	909	1,047
Laclede Gas Co.	76,637,235	438,813,233	588,159	627,694
Missouri Gas Energy(3)	55,553,209	363,358,958	430,738	492,069
Missouri Public Service(4)	4,888,855	32,420,108	44,182	49,919
Southern Missouri Gas Co., L.C.(5)	1,091,834	5,392,461	6,120	6,744
St. Joseph Light & Power Co.	1,022,421	4,272,576	5,443	6,313
Totals:	162,063,195	\$ 971,208,981	1,226,645	1,354,611

Source: MoPSC FERC Form 2 1999 Annual Reports (Missouri Jurisdictional)

Intrastate Pipelines	Mcfs Delivered	Revenue (\$)	Transportation Customers
Missouri Gas Co.(6)	1,824,664	2,138,249	15
Missouri Pipeline Co.(6)	12,864,467	5,179,482	18
Totals:	14,689,131	\$ 7,317,731	33

(1)-Missouri Properties Purchased by Atmos Energy Corp. effective June 1, 2000

(2)-Includes former United Cities and Greeley Jurisdictions

(3)-A division of Southern Union Co.

(4)-A division of UtiliCorp United, Inc.

(5)-Southern Missouri Gas Co., L.C., Tartan Energy Co.,L.C.

(6)-A division of UtiliCorp Pipeline Systems, Inc.

Electric Utilities Statistics

Calendar Year 1999 (Missouri Jurisdictional)

Name of Company	MWhs Sold 1999	Operating Revenues 1999	Residential Customers	Total Customers
Citizens Electric Corp.	874,420	\$ 44,002,535	21,394	23,700
Empire District Electric Co., The	3,397,895	\$ 194,029,093	105,449	126,496
Kansas City Power & Light Co.	8,407,802	\$ 506,837,482	226,913	258,393
Missouri Public Service(1)	4,456,267	\$ 284,691,066	175,192	202,042
St. Joseph Light & Power Co.	1,667,937	\$ 87,027,410	55,480	62,495
Union Electric Co.(2)	29,944,529	\$ 1,892,710,569	960,997	1,101,767
TOTALS:	48,748,850	\$ 3,009,298,155	1,545,425	1,774,893
Grand MMBtu	166,428,574			

Source: 1999 Annual Report

(1) - Missouri Public Service, a Division of UtiliCorp United, Inc.

(2) - Union Electric Company d/b/a AmerenUE

Steam Utilities Statistics

Calendar Year 1999 (Missouri Jurisdictional)

Name of Company	MMBtus Sold 1999	Operating Revenues 1999	Residential Customers	Total Customers
St. Joseph Light & Power Co.	6,599,107	\$ 1,919,218	0	6
Trigen-Kansas City District Energy Corp.	963,888	\$ 9,481,011	0	76
Union Electric Co. **	*	\$ 170,564	0	1
TOTALS:	7,562,995	\$ 11,570,793	0	83

Source: 1999 Annual Report

* Billed on energy use & monthly fee

** Retired on October 31, 1999

Water Statistics

Calendar Year 1999 (Missouri Jurisdictional)

<u>Name of Company</u>	<u>Customers</u>	<u>Name of Company</u> <u>Class D (Continued)</u>	<u>Customers</u>
Class A			
Empire District Electric Co.	4,679	Gascony Water Company	184
Missouri American Water Co.	95,599	Gladlo Water & Sewer Co.	61
Raytown Water Co.	6,771	Hickory Hills Water & Sewer Co.	46
St. Louis County Water Co.	306,000	Highway H. Utilities, Inc.	312
Tri State Utility Co.	2,485	Hillcrest Utilities, Inc.	195
Jefferson City Water Works	10,800	Kimberling City Water Co.	108
U. S. Water	2,219	Lake Northwoods Utility Co.	21
		Lakeland Heights Water Co.	129
Class B		Lakewood Manor Limited	29
Noel Water Co.	603	LTA Water Co.	85
Ozark Shores Water Co.	1,100	Midland Water Co.	82
The Meadows Water Co.	1,034	Missouri Utilities Co.	134
		Moore Bend Water Co.	105
Class C		Oakbrier Water Co.	47
Aqua Source/CU	420	Peaceful Valley Service Co.	164
Aqua Source/RU	953	Port Perry Service Co.	179
I. H. Utilities, Inc.	691	Public Funding Corp. of Ozark, MO	207
KMB Utility Corp.	579	Quail Run Water & Land Co.	96
Lake Region Water & Sewer	24	Riverfork Water Co.	101
Loma Linda Development, Inc.	240	Roark Water & Sewer, Inc.	162
Middlefork Water Co.	2	Rogue Creek Utilities	106
Osage Water Co.	389	Roy L. Utilities, Inc.	54
Rex Deffenderfer Enterprises, Inc.	894	Shell Knob Estates Utilities, Inc.	51
Silverleaf Resorts, Inc.	615	S K & M Water & Sewer Co.	284
Taney County Utilities Corp.	516	South Jefferson County Util. Co.	195
Terre Du Lac Utilities Corp.	1,052	Spokane Highlands Water Co.	33
		Spring Valley Estates Water Co.	117
Class D		Stockton Hills Water Co.	149
Argyle Estates Water System	46	Suburban Water Co.	154
Camelot Utility Co.	275	Swiss Villa Utilities, Inc.	139
Cat-Pac Waterworks, Inc.	136	The Willows Utility Co.	208
Cedar Hill Estates Water Co.	171	Valley Woods Water Co.	12
Central Jefferson County Util.	352	Warren County Water & Sewer	300
Emerald Pointe Utility Co.	81	Whispering Hills Water System	62
Evergreen Lake Water Co.	74	White River Valley Water Co.	130
Foxfire Utility Co.	184	Wilden Heights Water Co.	22
Franklin County Service Co.	33	Woodland Heights Utilities, Inc.	68
Franklin County Water Co.	163	Woodland Manor Water Co.	87
Frimel Water Systems, Inc.	74		

Sewer Statistics

Calendar Year 1999 (Missouri Jurisdictional)

<u>Name of Company</u>	<u>Customers</u>	<u>Name of Company</u>	<u>Customers</u>
Class B		Class D (Continued)	
Aqua Source/CU	1,527	Missouri Utilities Co.	133
House Springs Sewer Co.	753	M.P.B. Inc.	93
Class C		North Oak Sewer	New
Cedar Hill Utility Co.	585	P.C.B. Inc.	297
Central Jefferson County Util.	352	Peaceful Valley Service Co.	150
Foxfire Utility Co.	182	Port Perry Service Co.	107
KMB Utility Corp.	219	Roark Water & Sewer, Inc.	149
Lake Region Water & Sewer	41	Rogue Creek Utilities	90
Meramec Sewer Co.	700	Roy L. Utilities, Inc.	54
Osage Water Co.	141	Savannah Heights Industrial Treatment	72
Ozark Water & Wastewater Mgm't	415	Shell Knob Estates Utilities, Inc.	54
Silverleaf Resorts, Inc.	394	S K & M Water & Sewer Co.	164
Terre Du Lac Utilities Corp.	1,014	South Jefferson County Util. Co.	195
Class D		Southwest Sewer Corp.	0
Cannon Home Association	32	S. T. Ventures, LLC	42
Central Rivers Wastewater	New	Stoddard County Sewer Co.	172
Eastern Missouri Utilities Co.	3	Swiss Villa Utilities, Inc.	139
Emerald Point Utility Co.	81	Taney County Utilities Corp.	70
Franklin County Service Co.	48	Taneycomo Highlands, Inc.	16
Gladlo Water & Sewer Co.	62	TBJ Sewer Systems, Inc.	11
Hickory Hills Water & Sewer Co.	44	The Meadows Water Co.	269
Highway H. Utilities, Inc.	65	The Willows Utility Co.	208
Hillcrest Utilities, Inc.	195	Timber Creek Sewer Co.	157
L W Sewer Corp.	185	Valley Woods Water Co.	7
Lake Hannibal Sewer Corp.	24	Village Water & Sewer Co., Inc.	300
Lake Northwoods Utility Co.	21	Warren County Sewer Co.	33
Lincoln County Utilities Co.	128	Warren County Water & Sewer Co.	290
Mill Creek Sewers Inc.	74	West 16th Street Sewer Co.	136
Missouri American Water Co.	101	Woodland Heights Utilities, Inc.	68
		WPC Sewer Co.	64

Contacting the PSC

Missouri Public Service Commission offices are located in Kansas City, Jefferson City and St. Louis. The PSC is open from 8:00-12:00 noon and 1:00-5:00 p.m., Monday through Friday, except on state holidays.

Jefferson City:

Missouri Public Service Commission
Governor Office Building
200 Madison Street
(Mailing Address: P.O. Box 360)
Jefferson City, MO 65102
Toll-free Consumer Hotline for
Complaints: (800) 392-4211
Other Business: (573) 751-3234
Fax: (573) 751-1847

St. Louis:

Missouri Public Service Commission
815 Charter Commons Dr.
Suite 100B
Chesterfield, MO 63017-0608
Telephone No.: (314) 207-8001
Fax: (314) 207-8010

Kansas City:

Missouri Public Service Commission
3675 Noland Road
Suite 110
Kansas City, MO 64055
Telephone No.: (816) 325-0100
Fax: (816) 325-0109

Web site address: <http://www.psc.state.mo.us/>

PSC Commissioners Past and Present

<u>Commissioner</u>	<u>Length of Service</u>	<u>Commissioner</u>	<u>Length of Service</u>
John M. Atkinson	1913-1916	John P. Randolph	1949-1951
William F. Woerner	1913-1914	Henry McKay Cary	1950-1955
John Kennish	1913-1917; 1920	Maurice Covert	1952-1953
Frank A. Wrightman	1913-1915	Tyre W. Burton	1952-1965
Howard B. Shaw	1913-1917	Frank Collier	1953-1954
Edwin J. Bean	1914-1925	M.J. McQueen	1954-1956
Eugene McQuillin	1915-1917	D.D. McDonald	1955-1961
William G. Busby	1916-1921	William Barton	1956-1965
David E. Blair	1917-1920	Frank J. Iuen	1959-1963
Noah W. Simpson	1917-1923	Frank W. May	1961-1967
Edward Flad	1917-1921	Donal D. Guffey	1963-1968
John A. Kurtz	1920-1923	William R. Clark	1965-1975
Hugh McIndoe	1921-1923	Charles J. Fain	1965-1977
A.J. O'Reilly	1921-1925	Howard Elliot, Jr.	1967-1970
Richard H. Musser	1923-1925	Marvin E. Jones	1967-1973
Thomas J. Brown	1923-1928	Willard D. Reine	1968-1975
D.E. Calfee	1925-1929	James F. Mauze	1971-1975
Almon Ing	1925-1933	A. Robert Pierce, Jr.	1973-1977
S.M. Hutchinson	1925-1931	James P. Mulvaney	1975-1977
J.H. Porter	1925-1933	Stephen B. Jones	1975-1979
James P. Painter	1928-1929	Hugh A. Sprague	1975-1979
Milton R. Stahl	1929-1933	Charles J. Fraas	1977-1983
J. Fred Hull	1929-1934	Leah Brock McCartney	1977-1983
George H. English	1931-1936	Alberta Slavin	1977-1981
J.C. Collet	1933-1935	Stephanie Bryant	1979-1981
William Stoecker	1933-1936	Larry W. Dority	1979-1983
W.M. Anderson	1933-1938	John C. Shapleigh	1981-1984
Harry E. McPherson	1934-1935	Charlotte Musgrave	1981-1988
Sam O. Hargus	1935-1937	Allen G. Mueller	1983-1996
John S. Boyer	1935-1941	Connie Hendren	1983-1989
Albert D. Nortoni	1936-1938	James J. Fischer	1984-1989
John A. Ferguson	1936-1944	William D. Steinmeier	1984-1992
J.D. James	1937-1942	David Rauch	1989-1993
Marion S. Francis	1938-1941	Kenneth McClure	1990-1997
Scott Wilson	1938-1941	Ruby Letsch-Roderique	1990-1991
Paul Van Osdol	1941-1943	Patricia Perkins	1991-1995
Frederick Stueck	1941-1943	Duncan Kincheloe	1992-1997
Kyle Williams	1941-1952	Harold Crumpton	1993-2000
Charles L. Henson	1942-1959	M. Dianne Drainer	1995-present
Albert Miller	1943-1944	Karl Zobrist	1996-1997
Richard Arens	1944-1945	Sheila Lumpe	1997-present
Agnes Mae Wilson	1943-1949	Connie Murray	1997-present
E.L. McClintock	1945-1967	Robert Schemenauer	1998-present
Morris E. Osburn	1945-1952	Kelvin Simmons	2000-present